



TAURUS LIQUID FUND

(Rated AA Af by CRISIL)

January 2012



Key Events of December 2011 :

- ❖ Money market rates moved up during the month due to increased liquidity shortfall. The 3 months PSU CDs touched 9.96% level and closed the month at 9.45%. One year segment also moved up during the month from 9.70% levels to touch high of 10% and ended the month at 9.65%.
- ❖ Current account deficit in Q2 FY12 stands at \$16.9bn similar to levels seen in Q2 FY11. Last year, exports grew significantly in H2 FY11 but this year it has started to slow in H2 FY12 tracking rise in uncertainty and weakness in the global economy. Moreover, capital inflows has slowed down making it difficult to finance current account deficit. The trade deficit for the period Apr'11-Nov'11 is at \$116.8bn. Commerce Ministry also informed that the exports were overstated by around \$9.4bn in the period Apr'11-Oct '11.
- ❖ Fiscal deficit during the period Apr'11-Nov'11 stood at 85.6% of budgeted estimate, sharply higher than 48.9% of BE in the same period last year owing to weak revenue growth and higher outlays towards subsidies.
- ❖ The government has announced an additional borrowing of Rs. 40,000 cr via dated securities during Jan'12-Mar'12 and Rs. 50,000 cr via T-bills

Indian Fixed Income Markets (Contd)

- Headline WPI inflation was 9.11% YoY in Nov'11, sharply lower than last months 9.73%. This was expected as food inflation eased off due to seasonal factors and high base effect. Core inflation rose marginally to 7.90% from 7.63% in Oct'11.
- IIP for the month of Nov'11 grew by 5.9% compared to revised negative 4.1% in the previous month.
- Liquidity continued to remain in the negative zone in Dec'11 similar to previous month. LAF average for the month was negative of INR 1,16,261 Cr as compared to INR 92,473 Cr in previous month.
- Indirect Tax collection for the first 9 months of FII grew by 16.1% to Rs 2.86 lakh crores to achieve 72.7% of budget estimate.
- Indian Rupee fell to record lows against USD in Dec'11 as uncertainty with regards to European sovereign crisis increased, pushing up USD globally. INR closed at 53.49, after touching an all time low of 54.28, depreciating 1.44% during the month.

Rate and Liquidity Tracker

Particulars	Nov'11	Dec'11
NSE MIBOR (Avg)	8.63	9.03
FIMMDA 3M CP	9.85	9.83
FIMMDA 12M CP	10.22	10.10
10 Year GOI	8.74	8.57
5 Year AAA Bond	9.63	9.52

Outlook:

- ✧ Liquidity is likely to ease and come under the RBI's comfortable zone of 1% of NDTL. We may see LAF borrowing to come down to INR 60k-80k Cr.
- ✧ G-Sec Market may remain volatile, based on increased government borrowings and expectations of rates cut. Benchmark 10 year is likely to trade in a range of 8.15%-8.30% in the coming month.
- ✧ Money Market yields may ease down as the supply pressure from banks will come down as it is the beginning of new quarter. The 3m prime CD are likely to trade around 9.45%-9.70%.

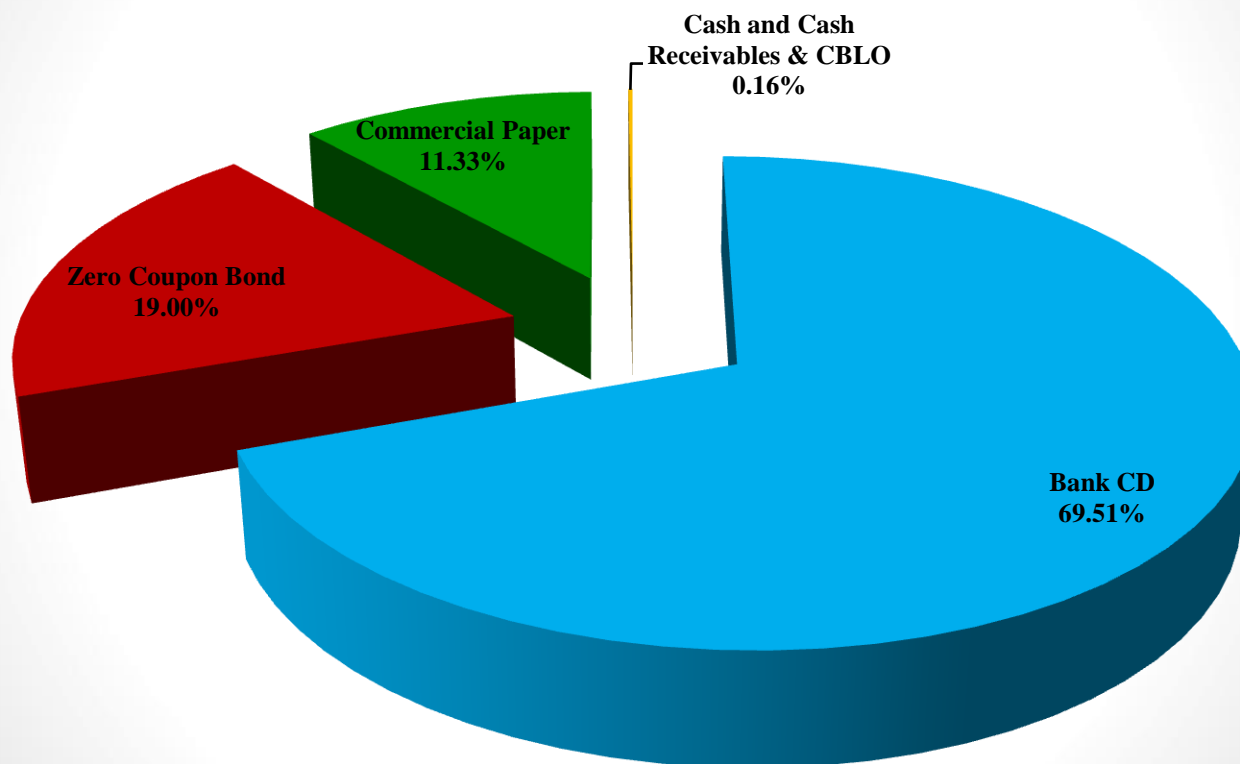
Investment Strategy

- ✧ Focus on maintaining higher composition of Bank assets.
- ✧ Portfolio concentration will be towards money market instruments so as to ensure a liquid portfolio.
- ✧ Will maintain a low portfolio duration to minimize interest rate risk / volatility.
- ✧ Focus on maintaining a consistent and stable performance.

Portfolio as on 31st Dec'11

Sr No	Company Name	Rating	% of Scrip (AUM)
Certificate Of Deposit			
1	Canara Bank	PR1+	20.68
2	Punjab National Bank	P1+	16.87
3	Corporation Bank	P1+	16.61
4	State Bank Of Patiala	P1+	5.73
5	Allahabad Bank	P1+	4.59
6	State Bank Of Bikaner & Jaipur	P1+	3.60
7	State Bank Of Hyderabad	P1+	1.43
Total - Certificate Of Deposit			69.51
Zero Coupon Bond			
1	Jyothy Laboratories Limited	PR1+	9.59
2	Dhfl Holding Pvt Limited	PR1+	9.41
Total - Zero Coupon Bond			19.00
Commercial Paper			
1	Indiabulls Housing Finance Limited	P1+	4.61
2	Essar Shipping Limited	PR1+	3.49
3	Religare Finvest Limited	A1+	2.29
4	Manappuram Finance Limited	P1+	0.47
5	Bharat Petroleum Corporation Limited	A1+	0.47
Total - Commercial Paper			11.33
CBLO			
1	Clearing Corporation Of India Limited		1.32
Total - CBLO			1.32
Cash & Cash Receivables			-1.16
Total			100.00

Sector Allocation as on 31st Dec'11



Scheme Details

Particulars	Remarks
Type of Scheme	An open end Liquid scheme
Investment Objective	To generate steady and reasonable income, with low risk and high level of liquidity from a portfolio of money market securities and high quality debt instruments.
Asset Allocation Pattern	Money Market Instruments : 0-100% Repo / Reverse Repo / CBLO : 0-100%
Benchmark index	Crisil Liquid Fund Index
Rating	AAAf by CRISIL* This rating indicates that the funds portfolio holdings provide very strong protection against losses from credit defaults. Institutional Plan and SuperInstitutional Plan rated 5 Star by Value Research in Debt:Liquid Category as on Dec'11***
Load Structure	Entry Load : Nil & Exit Load: Nil
Face Value	Rs. 1000 per unit
AAUM (31/12/11)	Rs 2452.28 crs
Average Maturity (31/12/11)	0.20 yrs
Fund Manager	Rahul Pal (w.e.f 10th Jan'12)

Scheme Details (Contd)

Particulars	Remarks
Plans	Retail, Institutional and Super Institutional
Options	Growth & Dividend
NAV (Growth) (31/12/11)	Retail - 1373.2501 , Institutional - 1150.6620, Superinstitutional - 1128.5406
Dividend Option	Retail - Daily Reinvestment
	Institutional - Daily & Fortnightly Reinvestment
	Superinstitutional - Daily & Weekly Reinvestment
Minimum Investment Amount	Retail Plan - Rs 5000/- and in multiple of Rs 1000/- thereof
	Institutional Plan - Rs 1 Cr and in multiples of Rs 1000/- thereof
	Superinstitutional Plan - Rs 5 Cr and in multiple of Rs 1000/- thereof

Performance of Taurus Liquid Fund

(as on 31st December 2011)



Name of the Scheme	7 days	14 days	1 month	29/09/2010- 29/09/2011	29/09/2009- 29/09/2010	29/09/2008- 29/09/2009	Since Inception		
							Returns	Value of Rs 10000	Inception date
Taurus Liquid Fund - Retail	9.33%	9.25%	9.13%	8.72%	5.45%	3.33%	6.12%	13,729	31st Aug'06
Crisil Liquid Fund Index	8.92%	8.49%	8.42%	8.15%	5.12%	4.86%	6.75%	14,174	
1 Yr T-Bill	1.08%	5.88%	8.00%	6.42%	2.81%	2.88%	5.21%	13,111	
Taurus Liquid Fund - Inst	9.43%	9.35%	9.23%	9.04%	-	-	4.39%	11,504	26th Sept'08
Crisil Liquid Fund Index	8.92%	8.49%	8.42%	8.15%	-	-	6.39%	12,238	
1 Yr T-Bill	1.08%	5.88%	8.00%	6.42%	-	-	5.25%	11,816	
Taurus Liquid Fund - Superinst	9.53%	9.45%	9.33%	9.13%	-	-	3.77%	11,282	26th Sept'08
Crisil Liquid Fund Index	8.92%	8.49%	8.42%	8.15%	-	-	6.39%	12,238	
1 Yr T-Bill	1.08%	5.88%	8.00%	6.42%	-	-	5.25%	11,816	

Performance of Other Schemes Managed by the Fund Manager (as on 31st December 2011)

Name of the Scheme and Benchmarks	30/09/2010- 30/09/2011	30/09/2009- 30/09/2010	30/09/2008- 30/09/2009	Since Inception		
				Returns	Value of Rs 10000	Inception Date
Taurus Gilt Fund	8.45%	2.24%	1.90%	4.25%	15,401	18th Aug'01
I Sec Composite Index	6.55%	6.04%	17.72%	6.84%	19,858	
10 Yr G Sec	1.91%	3.11%	-8.66%	7.12%	20,421	
Taurus Ultra Short Term Bond Fund - Retail	9.13%	5.72%	5.41%	6.78%	12,241	1st Dec'08
Crisil Liquid Fund Index	8.15%	5.12%	4.86%	6.15%	12,019	
1 Yr T-Bill	6.42%	2.81%	2.88%	4.69%	11,518	
Taurus Ultra Short Term Bond Fund - Inst	9.54%	5.81%	5.57%	7.00%	12,320	1st Dec'08
Crisil Liquid Fund Index	8.15%	5.12%	4.86%	6.15%	12,019	
1 Yr T-Bill	6.42%	2.81%	2.88%	4.69%	11,518	
Taurus Ultra Short Term Bond Fund - Superinst	9.65%	5.95%	5.81%	7.17%	12,378	1st Dec'08
Crisil Liquid Fund Index	8.15%	5.12%	4.86%	6.15%	12,019	
1 Yr T-Bill	6.42%	2.81%	2.88%	4.69%	11,518	
Taurus Short Term Income Fund	9.75%	4.82%	1.58%	5.80%	17,945	18th Aug'01
Crisil Short Term Bond Fund Index	7.84%	4.70%	6.58%	5.95%	18,207	
1 Yr T-Bill	6.42%	2.81%	2.88%	5.37%	17,208	

5 – Star (*****) Rated Debt Funds of Taurus Mutual Fund (as on 31st Dec'11)



Sr No	Scheme Name	Rating Agency
1	Taurus Ultra Short Term Bond Fund - Retail Plan	Morningstar
2	Taurus Ultra Short Term Bond Fund - Inst Plan	Value Research & Morningstar
3	Taurus Ultra Short Term Bond Fund - SuperInst Plan	Value Research & Morningstar
4	Taurus Short Term Income Fund	Value Research
5	Taurus Liquid Fund - Inst Plan	Value Research
6	Taurus Liquid Fund - SuperInst Plan	Value Research



Winning the Game for us means
Winning the Market for you

About Taurus Mutual Fund

Why Taurus Mutual Fund?

It's a fund house on the move...



- Product basket comprises of 6 Equity Funds, 1 ELSS, 5 Fixed Income Funds and one Monthly Income Plan besides FMPs' and Quarterly Interval Fund.
- Taurus Liquid Fund rated as AA Af by CRISIL and Taurus Ultra Short Term Bond Fund rated as AA Af by CRISIL & CARE for credit quality of the portfolio.
- Two equity funds – 'Taurus Tax Shield' and 'Taurus Infrastructure Fund' bagged the prestigious Business World Best Mutual Funds Awards for the year 2009.
- Professional Service Providers:
 - ✧ Registrar & Transfer Agent : Karvy Computershare Pvt. Ltd
 - ✧ Custodian: HDFC Bank Ltd
 - ✧ Fund Accountant : Deutsche Investor Service Limited

Our Schemes



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graph TD; A[Our Schemes] --> B[EQUITY]; A --> C[DEBT];
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EQUITY

- Taurus Starshare
- Taurus Bonanza Fund
- Taurus Discovery Fund
- Taurus Infrastructure Fund
- Taurus Ethical Fund
- Taurus Tax Shield (ELSS)
- Taurus Nifty Index Fund

DEBT

- Taurus Short Term Income Fund
- Taurus Ultra Short Term Bond Fund
- Taurus Dynamic Income Fund
- Taurus MIP Advantage
- Taurus Liquid Fund
- Taurus Gilt Fund
- Taurus FMP & Quarterly Interval Fund

Board of Directors of Taurus AMC



Mr. J. P. Kundra - Former MD, State Bank of India

Mr. M.G. Gupta - Former Addl Controller General of Accounts, Govt. of India

Maharaja Jai Singh — From the Royal family of Jaipur / Hotelier

Mr. Lalit Bhasin - Promoter Director

Mr. Vijay Sood - Ex Investment Banker, HSBC (Asia Pacific)

Mr. R K Gupta- MD, Former MD-PNB Mutual Fund

Key Management Personnel

Mr. Waqar Naqvi: Chief Executive (AICWA, MBA, 20 years exp)

Mr. Sanjay Parikh: Chief Operations Officer(CA, CFA, 20 years exp)

Mr. Sadanand Shetty: Sr. Fund Manager-Equity(M.Com, PGDFA, 17 years exp)

Mr. Rahul Pal: Head- Fixed Income (B.Com, C.A., 10 years exp)

Mr. V. Sasidhar : Head-Customer Service (M.Com, 23 years exp)

Mr. Nazish Ahmed : Head- Marketing(M.Com, MBA, 12 years exp)

Mr. Ramesh Kabra : Head- Product Development (B.Sc., M.A. (Eco), 31 years exp)

Mr. Rahul Pal-VP & Head (Fixed Income)-B.Com & C.A.

Worked with Sundaram BNP Paribas Mutual Fund as Fund Manager (Fixed Income) for 6 years and with IDBI in Fixed Income for 3 years. Total work ex of over 10 years. Manages Taurus Ultra Short Term Bond Fund, Taurus Short Term Income Fund and Taurus MIP Advantage (Debt Portion) and Taurus Dynamic Income Fund.

Risk Factors



Scheme Nature : Taurus Liquid Fund is an open-end debt scheme. **Scheme Objective:** To generate steady and reasonable income, with low risk and high level of liquidity from a portfolio of money market securities and high quality debt instruments.

Allocation: Money market instruments: 0-100%, Repo / Reverse Repo / CBLO: 0-100%.

Statutory Details: Taurus Mutual Fund has been constituted as a Trust under the Indian Trust Act, 1882

Sponsor: HB Portfolio Ltd.

Trustee: Taurus Investment Trust Company Ltd.,

Investment Manager: Taurus Asset Management Company Ltd.

Risk Factors: All investments in mutual funds and securities are subject to market risks and the NAV of the scheme may go up or down depending upon the factors and forces affecting the securities market. There can be no assurance that the scheme's investment objectives will be achieved. The past performance of the mutual fund is no indicative of the future performance of the schemes. The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs.2 Lacs made towards setting up of the mutual fund. **Taurus Liquid Fund is only the name of the scheme and does not in any manner indicate the quality of the scheme, its future prospects and returns. There is no guarantee or assurance as to any returns on investments of the unit holders.** All dividend distributions are subject to the investment performance of the scheme. The investment made by the scheme is subject to external risks on transferring, pricing, trading volumes, settlement risks etc. of securities. **Please read the Scheme Information Document /Statement of Additional Information / Key Information Memorandum carefully before investing.**

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*****Value Research Rating Methodology:**

Taurus Liquid Fund (Institutional & Super-Institutional Plan) has been rated 5 star that indicate the fund is in the top 10% of its category in terms of historical risk-adjusted returns. The fund rated in Debt-Liquid Fund Category out of 118 schemes. Rating is based on weighted average monthly returns for last 3 & 5 years periods ended 31-Dec-11 For detailed methodology refer www.valueresearchonline.com. These rating do not take into consideration any entry or exit load. Value Research does not guarantee the accuracy. Each category must have a minimum of 10 funds for it to be rated. The ratings are subject to change every month. Ratings Source: Value Research

Businessworld India's Best Mutual Funds Awards methodology :

For Equity Tax Planning category, all funds compliant with Section 80C of the IT Act were included. Data for the past 3 years were considered. Methodology used to rank them is based on risk-adjusted returns but widened to take a composite measure of the returns a fund generates and the risk it takes. For Best turnaround manager: Funds that moved from D10 decile in end-2008 to D1 in end-2009 were taken, after which they were ranked on scale of change in their one-year returns. For complete details on the methodology please refer to www.businessworld.in

Morningstar Rating Methodology: Taurus Ultra Short Term Bond Fund (Super-institutional, Institutional and Retail Plan) have been rated 5-Stars in the India Ultra-short Bond Category denoting that they are in the top 10% category in terms of risk adjusted returns. Total Universe : 424 Schemes/Plans. Rating is based on NAV provided by respective funds for 3 years period ending 31/12/2011. For detailed methodology please refer www.morningstar.in

*Detailed methodology of CRISIL credit quality rating is available at www.crisil.com

Thank You

