

In News

Chola MIP pays dividend

United News of India
New Delhi, March 1

CHOLA Mutual Fund has declared 0.61 per cent dividend for individual investors and hindu undivided families (HUF) and 0.57 per cent dividend for other investors in the monthly dividend option for February 2005.

The amount to be paid will be Rs 0.06 per unit of Rs 10 for individuals and HUFs and Rs 0.05 per unit of Rs 10 for other investors, a company statement here said.

The objective of Chola MIP is to generate monthly income through investment in a range of debt, equity and money market instruments.

Chola Mutual Fund is promoted by Cholamandalam Investment and Finance Co Ltd - the financial services arm of the Rs 5,200-crore Murugappa Group.

Publication : The Hindu Business Line
Date : Wednesday, March 02, 2005

A PROGRESSIVE BUDGET

Budget 2005 will speed up the pace of economic growth in the country. It does not throw up any major surprises and clearly sets its sights on moving the reform process ahead quickly.

A completely new regime has been ushered in on the tax front. In the personal taxation area, a new tax structure has been introduced with income up to Rs 1 lakh falling out of the tax bracket. The new tax structure should benefit a sizeable portion

of the salaried class. While section 88 and section 80L have ceased to exist, the budget now exempts savings and investment in select instruments up to Rs 1 lakh from tax. There will be no sectoral caps on this limit and this will enable investors to choose appropriate investment avenues depending on the risk-return profile.

SASHI KRISHNAN
CHIEF EXECUTIVE, Cholamandalam Mutual Fund

Publication : Times Personal
Date : Thursday, March 03, 2005

'More long-term investors are turning to equity funds'

INTERVIEW

Nutan Das
Kolkata, Feb 21

There is a discernible appetite for equity funds that are clearly positioned in the market, feels the Chief Marketing Officer, Cholamandalam Mutual Fund, Mr Vinod Pooja. He also tells Business Line how the scope for equity products is expanding in India.

As a marketing head, are you noticing new trends emerging among users of MIPs?

Yes. The most noticeable thing is the growing acceptance of equity funds as long-term investments. In the past, investors mainly considered equities and equity funds for trading or short-term opportunities. Growing awareness of low mutual funds investment

is being used as vehicles of wealth creation and retirement planning and the good long-term track record of many equity funds have led domestic investors to believe in having at least a three-to-five year time horizon for their equity investments.

In fact, systematic investment plan (SIP) is being increasingly adopted by long-term investors. Further, there is increasing participation from semi-urban and metro markets, especially in south and west India. Investors in smaller centres joining the Association of Mutual Funds in India (AMFI) certification. The expansion of new-generation banks and service providers like CARE and Karvy into such markets is also making money transfers easy and efficient. Investors in these markets traditionally had high savings potential, a larger share of which is now



Technology has actually revolutionised investor servicing on a continuous basis.

Mr Vinod Pooja
Chief Marketing Officer,
Cholamandalam MIP

being directed to mutual funds. Is there a real preference for innovative products or is it mostly hype?

Well, product innovation that addresses investment needs has always found favour with investors. In fact, there is a higher usage of efficient means of transacting - e-mail, bank transfers and phone

Technology has actually revolutionised investor servicing on a continuous basis. Electronic transfer of funds is not only streamlining operations, convenience, but also ensuring reliability.

Let me add that there is a growing number of financial planners with an advisory platform based on mutual funds.

Simultaneously, traditional distributors are also entering to claim by acting as a super-market. Planners are mainly serving savvy high net-worth individuals (HNIs), while traditional players are mostly attending to retail clients. Financial advisers typically charge fees. There is also a rising trend among distributors to offer advisory services as an option. Both the models are expected to co-exist.

Is marketing of funds becoming a relatively difficult proposition because investors are not easily influenced by debt funds any more?

It's true that debt funds have not been growing, as interest rates have remained uncertain, giving low returns to investors who had been getting phenomenal returns in the last few years. During those years, investors allocated higher amounts to debt, which went against their logical asset allocation plans. In the last one year, they have been rebalancing portfolios, as their equity exposure continues to be very low. For conservative debt-oriented investors, funds have been offering alternatives like floating rate or hybrid products. More people now believe that the best way to benefit from India's economic potential is by investing in equities and equity funds.

Can you elaborate on some of the strategies that Chola MIP has adopted recently?

We are targeting all segments - retail, HNI and corporate. On a geographical basis, we have been increasing participation centres from semi-urban markets across the country. These markets are being tapped by appointing franchisees or representatives. The plan is to expand our reach by increasing the number of distributors and service centres.

Publication : The Hindu Business Line
Date : Tuesday, February 22, 2005

Monthly Income Plans: patience pays

BY DHIRENDRA KUMAR



Monthly Income Plans (MIPs) have not done as well as they were expected to in 2004 with a category average return of 5.6% last year. But let's put that in perspective. The medium-term income fund category

has provided only 0.9% return for 2004. With an additional risk of about 10-15% in equities, MIPs have actually provided significantly higher returns. MIPs try to achieve the best of both worlds - safe returns from debt securities (about 70-90% of the corpus) and the kicker from stocks (10-30% in equities).

When the interest rate environment turned negative in 2004, there was little opportunity for the category to earn returns from debt securities, and the returns had to be earned from equities. But equity markets were also hostile for half the year and ended 2004, though the stock markets did pretty well with the Sensex gaining 13% for the year.

Nevertheless, the average MIP has done reasonably well considering the environment. Two years ago, the MIP was a great product. Interest rates were falling and the debt portion of the MIP was doing exceedingly well. If equities did well, that was the bonus. MIPs earned 11.7% and 11.33% in 2001 and 2002, as interest rates were falling. In 2003, MIPs earned 13.53% with most of the gains coming from equities. Today MIPs

TOP 10 PERFORMERS OF 2004				
Fund	Return (%)	Assets (Rs cr)	Equity allocation (%)	Equity range (%) (Min-Max)
→ HDFC MIP Long-term	9.31	963.31	21.76	18-23
→ FT India MIP	8.28	1011.24	20.23	13-20
→ HDFC MIP Short-term	7.76	455.23	15.28	12-15
→ DSP/ML Savings Plus Moderate	7.34	611.77	10.20	9-15
→ Chola MIP	6.60	14.96	13.56	0-19
→ LIC MIP	6.58	174.82	19.79	6-20
→ Templeton MIP-G	5.96	299.87	15.68	13-15
→ Magnum Income Plus Inv	5.81	12.21	19.80	14-20
→ Alliance MIP	5.65	260.33	13.70	11-15
→ Birla MIP	5.48	625.98	15.22	10-15

Data as on December 31, 2004

depend on debt securities for coupon payments and all the action comes from the equity portfolio.

How they fared

Year 2004 was a mixed year for stock markets. Between January 1 and April 22, 2004, MIPs gained 2.43% from the beginning of the year. Both the stock market and the bond market were moving in a narrow range, edging slightly higher. The BSE Sensex was up 1.42% and the 10-year bond yield fell to its 2004 low of 5.06% from 5.14% in January.

Liquidity was comfortable, which pushed the market down, the government set a lower borrowing target for 2004-05 and inflation

not thrilled by the Congress government at the Centre.

In the period, MIPs lost an average 2.01%. From August 26 to end of 2004, the stock markets have been rising. The BSE Sensex has gained almost 25%. On the other hand, bond prices have fallen further and the yield increased to 6.57% in December end, up 32 basis points from August 26. This year so far, stock markets are not as high as December end, but bond yields have fallen. For January 2005, the category lost 0.05%.

The funds

We have seen a lot of MIP IPOs in the last two years. The product fit well with the times.

Stock markets had just about started rising and this was a good opportunity for conservative investors to make some additional money as bond markets were not going to be great providers of returns.

Some of the AMCs also came out with MIPs having a higher equity allocation. For instance, funds like LIC MIP (now UTI MIS - Advantage), HDFC MIP Long-term, HSBC MIP Savings and Principal MIP Plus can invest up to 25% in equities. The equity exposure of MIPs had come down after the election results, but it has gone up again now to 14.22% in January 2005.

Among older MIPs, Templeton MIP-G, Alliance MIP and Birla MIP can invest up to 15% in equities, while UTI Monthly Income Scheme and Tata MIP are conservative with a 10% equity limit. Bonds are the sobering influence in an MIP as most MIPs invest in both corporate bonds as well as government securities.

Most of the debt securities in MIP is of a lower maturity and hence, less risky. In 2004, investors learnt that there can be times when both debt and equity markets can underperform at the same time. MIPs are not as risk-free as investors expected them to be. Even here, investors will need patience to earn returns. Since debt securities are unlikely to provide major returns, choose MIPs that have a low expense ratio and better equity management skills.

Value Research

Publication : Financial Express
Date : Sunday February 27, 2005

From the Desk of the Chief Executive

Sashi Krishnan



The Budget 2005 is very forward looking and will speed up the pace of economic growth in the country. The budget does not throw up any major surprises and clearly sets its sights on moving the reform process ahead quickly.

For retail investors, equity mutual funds now look a very attractive option as compared to other savings and investment options. In the past, investors went in for investment options that were sub optimal relative to their risk return profile. With the far reaching changes this budget brings about, they no longer need to do so.

On the personal tax front, a new tax structure has been introduced with income upto Rs.1 lakh falling out of the tax bracket. The new tax structure should benefit a sizeable portion of the salaried class. While section 88 and section 80L have ceased to exist, the budget now exempts savings and investment in select instruments upto Rs.1 lakhs from tax under the EET (exempt-exempt- taxed) method. There will be no sectoral caps on this limit and this will enable investors to choose appropriate investment avenues depending on the risk-return profile.

We at Chola will be launching a suitable product to enable investors to avail of this benefit. Indian investors have by and large had a short term horizon and on account of this have not been able to capitalize on the growing opportunities in the capital markets. This change in the personal tax and savings provisions will encourage individual investors to invest for the long term in a tax efficient manner. This budget will also put more money in the hands of investors, a part of which must flow into equity so that they can create long term wealth for themselves.

From the Desk of the Chief Investment Officer

Tridib Pathak



BUDGET FY06

The Budget should be looked at in the background of political pressures on carrying out populist policies, government's own need to bring fiscal discipline by adhering to targets for reduction of fiscal and revenue deficits, and the need to maintain current buoyancy in the economy. Considering the above, it is a fine balancing act.

The biggest positive of the Budget is the lack of any major negative and the absence of any interference to the current strong momentum in economic growth. On the contrary there are elements which will enable in accelerating the growth momentum. The government's business plan of 'Bharat Nirman' aimed towards building infrastructure in rural India is a step in the right direction. But this needs to be followed up on implementation. Serious success on this can certainly raise the long term growth trajectory of the economy.

Key highlights of the Budget which will enable 'investment' and thus 'growth' are :-

- Bharat Nirman plan over the next four years, with specific targets to be achieved by 2009 in irrigation, roads, water supply, housing, rural electrification and rural telecom connectivity.
- Targeting for another 30% growth in rural credit in FY06.
- 50% increase in the outlay for National Highway Development and addition of NHDP III for four laning an additional 4000 kms.
- Formation of a Special Purpose Vehicle (SPV) which can use forex reserves for financing large infrastructure projects in roads, ports, airports and tourism sectors.
- Reduction in import duty rates on capital goods.
- Reduction in corporate tax rates.
- Continuing support to Textiles and Sugar sectors.

Key highlights of the Budget which will enable 'consumption' and thus 'growth' are:-

- Reduction in overall personal tax burden by restructuring of tax slabs.
- Reduction in peak customs duty from 20% to 15%.

Key reforms undertaken are:-

- Banking sector reforms (to be announced by RBI) for enabling consolidation and growth in the sector. Banking Regulation Act is also proposed to be amended.
- FDI to be allowed in pensions, trading and mining.
- Value Added Tax (VAT) to be introduced on 1 April 2005, replacing the current sales tax system. This will lower the cascading effect of sales taxes and help increased compliance. Over a period this can lead to reduction of tax impact.
- Revamping exemptions on personal income tax and a composite Rs. 100,000 limit for tax efficient savings.

Overall, the Budget does support growth and is non-inflationary.

Impact on Equity markets

After a month of anxiety about the Budget, equity markets, we believe, will soon be back to basics i.e. focus on corporate profit growth. The Budget has not done anything which will risk the current strength in corporate earnings.

Strong economic growth will certainly lead to steady corporate profit growth, the key to equity market performance. Return of the capital expenditure cycle and rising consumerism will continue to drive the economy in the short to medium term. While factors such as positive demographics, infrastructure development and outsourcing will provide long term stability to economic growth and thus corporate profit growth. We maintain that disciplined stock selection is key to creating a quality portfolio and generating superior returns over the long term.

Sectoral impact

Sectors with negative impact

Oil & Gas - Changes in customs and excise duty structures will increase the burden on oil refining & marketing companies.

Petrochemicals - reduction in import duty.

Metals - reduction in import duty and increase in excise duties on steel.

Software - Introduction of fringe benefit tax will particularly impact software sector.

Sector with neutral/positive impact

Auto - Focus on road development and improvement in disposable income due to lower taxes.

Cement - thrust on infrastructure and rural development should boost demand.

Pharma - no major changes.

Consumer - improvement in disposable incomes due to lower taxes and rural spending, reduction in import duty on raw materials.

Banks - reduction in corporate tax rate and reforms.

Pharma - reduction in import duty on capital goods.

Sugar - financial package and lower interest rates.

Textiles - reduction in import duty on textile machinery.

Our Investment Strategy - Equities

The Budget has not altered our investment strategy. We continue to remain overweight on cement, banking and consumer stocks. In midcaps we continue to focus on our stock selection filters.

Impact on Fixed income markets

Fiscal Deficit in FY06 is budgeted to be up by 8.5%, and assuming a nominal GDP growth of 12%, the Fiscal Deficit is budgeted to be 4.3% of GDP, only a minor improvement from 4.5% in FY05. (See Attached Table). Revenue deficit is expected to remain stagnant at 2.7% of GDP. Thus the government has slipped in reducing the Fiscal and Revenue deficit as per the FRBM Act. As a result of this and lower cash drawdown, the net market borrowings of the government is expected to shoot up 140%. This is a clear negative for bonds markets and delays the whole process of aiding a benign interest rate environment through strict reduction in fiscal deficit.

On the inflation front, the reduction of import duties will help controlling inflation. However higher level of economic activity could feed into demand led inflation as we go forward. Risks of tight global crude oil prices have also not reduced as yet.

While we do expect broad stability in interest rates, the bias is towards interest rates rising from here. Clearly, at this stage the risk of interest rates rising are higher than the risk of interest rates going down. US Fed is expected to continue its policy of measured rate hikes raising US fed rate to around 3.5-4% by end 2005 from the current 2.25%, bringing with it a secular rise in global interest rates and the return of positive real interest rates compared with zero to negative real interest rates that the world has seen in 2004. Strong bank credit growth will also wean away vital bank demand from the secondary fixed income markets. We reiterate that investors should stay in short duration assets and preferably focus on liquid funds and floating rate funds.

Budget at a Glance

Rs crores	FY05 Budget Estimates	FY05 Revised Estimates	FY06 Budget Estimates	% Growth FY06 over FY05RE
RECEIPTS				
Revenue Receipts	309,322	300,904	351,200	16.71%
Tax Revenue	233,906	225,804	273,466	21.11%
Non Tax Revenue	75,416	75,100	77,734	3.51%
Capital Receipts	31,100	65,656	12,000	-81.72%
Recoveries of Loans	27,100	61,565	12,000	-80.51%
Other Receipts	4,000	4,091		
Total Receipts = A	340,422	366,560	363,200	-0.92%
EXPENDITURE				
Revenue Expenditure	385,493	386,069	446,512	15.66%
Capital Expenditure	92,336	119,722	67,832	-43.34%
Total Exp = B	477,829	505,791	514,344	1.69%
Fiscal Deficit = A-B	137,407	139,231	151,144	8.56%
Financing the Fiscal Deficit				
- Market Borrowings	90,365	45,943	110,291	140.06%
- Others Borrowings	47,042	93,288	40,853	-56.21%
Fiscal Deficit as % of GDP	4.4%	4.5%	4.3%	
Revenue Deficit	-76,171	-85,165	-95,312	11.91%
As % of GDP	2.5%	2.7%	2.7%	

Cholamandalam Growth Fund

as on February 28, 2005

Investment Objective

The Scheme primarily seeks to generate long-term capital appreciation income through investments in equity and equity related instruments; the secondary objective is to generate some current income and distribute dividend.

Features

Fund Size	: Rs. 51.12 Crores
Type of Fund	: Open-Ended Growth Scheme
NAV	
Quarterly Dividend Option	: Rs. 12.64
Cumulative Option	: Rs. 16.87
Inception	: 17-Sep-01
Fund Manager	: Tridib Pathak
Dividend Distribution	: Quarterly
Minimum Investment for New / Existing Investors	: Rs. 5000/1000
Entry Load	: <= 1 Cr : 2.25% > 1 Cr: Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: BSE Sensex

Style Matrix

	Style			
	Growth	Blend	Value	
Size				Large
				Mid
				Small

Shading within the Style Matrix indicates areas in which the Fund generally invests.

Fund Manager's Comments

Cholamandalam Growth Fund is a diversified equity fund with investment predominantly in large caps stocks. The Fund has no bias towards growth style or value style. Current strategy of the fund is to focus on stocks which are more domestic economy oriented such as stocks from cement, banking, auto and consumer sectors. There is also a blend of undervalued global cyclical stocks.

Value Research	Equity : Diversified
RATINGS	★★★

CGGF

Portfolio

Scrip	% of Portfolio
Reliance Industries Ltd.	7.94%
ACC Ltd.	7.38%
ICICI Bank Ltd	6.93%
ONGC	6.83%
Infosys Technologies Ltd	6.08%
Maruti Udyog Ltd	6.02%
Hindalco Industries Ltd	5.46%
Gujarat Ambuja Cements Ltd	5.33%
BHEL	4.80%
Corporation Bank	4.70%
Dabur India Ltd.	4.40%
Hexaware Technologies Ltd	4.30%
Pantaloon Retail (India) Ltd.	3.98%
Birla Corporation Ltd.	3.00%
Ultratech Cement Company Ltd	2.99%
Satyam Computer Services Ltd.	2.98%
Nicholas Piramal India Ltd.	2.97%
MTNL	2.89%
IDBI	2.34%
Cash	8.68%

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
26-Mar-02	20	2.00	Rs. 12.36
30-Jun-03	20	2.00	Rs. 12.24
29-Sept-03	20	2.00	Rs. 13.76
29-Dec-03	30	3.00	Rs. 15.42
28-Jan-04	10*	1.00	Rs. 12.64
29-Mar-04	10	1.00	Rs. 11.71
10-Dec-04	10	1.00	Rs. 12.42

Past performance may or may not be sustained in future.

The face value of the units is Rs. 10/-
* Interim Dividend

Performance

	CGF	BSE Sensex
3 Months (90 Days)#	12.09%	7.69%
6 Months (181 Days)#	30.67%	29.31%
1 Year\$	30.58%	18.41%
3 Years\$	40.92%	23.57%
Since Inception\$*	43.35%	29.22%

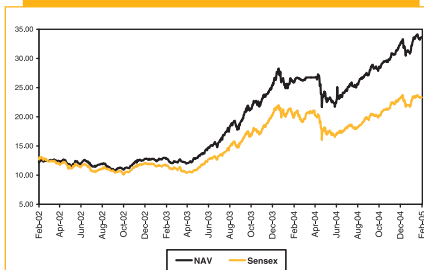
Absolute Returns

\$ Compounded Annualised Returns

* Returns from allotment date of 5-10-2001

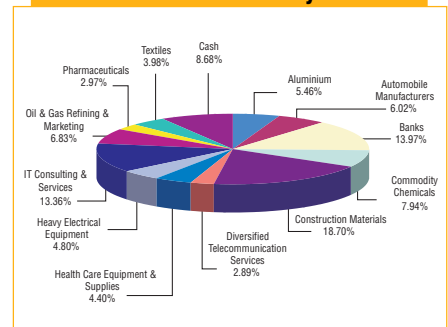
Past performance may or may not be sustained in future.

NAV Movement vis-à-vis Sensex



Cumulative Bonus NAV taken from 5th March, 2004
- Bonus declared at the rate 1:1.

Sector Summary



Chola Midcap Fund

as on February 28, 2005

Investment Objective

The objective of the scheme is to generate capital appreciation by investing primarily in midcap stocks. The scheme will invest primarily in companies that have a market capitalization between Rs. 300 Crore to Rs. 3000 Crore.

Features

Fund Size	: Rs. 44.89 Crores
Type of Fund	: Open-Ended Equity Scheme
NAV	
Dividend Option	: Rs. 12.48#
Cumulative Option	: Rs. 14.73
Inception	: 9-Aug-04
Fund Manager	: Tridib Pathak
Dividend Distribution	: #
Minimum Investment for New / Existing Investors	: Rs. 5000/1000
Entry Load	: <= 1 Cr : 2.25% >1 Cr: Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: CNX Midcap 200

Declared as and when decided by the Trustees

Style Matrix

	Style			
	Growth	Blend	Value	
Size	Large			
	Mid			
	Small			

Shading within the Style Matrix indicates areas in which the Fund generally invests.

Fund Manager's Comments

Chola Midcap Fund is a diversified equity fund with investments predominantly in midcap stocks. The Fund has no bias towards growth style or value style. The fund focuses on stocks which have the potential to become large cap stocks of tomorrow. The fund selects stocks after applying any one of the following filters - stocks which are leaders, stocks from a sunrise industry, globally competitive companies, companies with a niche positioning and stocks which are proxies to large cap stocks. Usually the fund restricts single stock exposure to 5% and keeps cash of 10-15% to manage liquidity risk.

CMF

Portfolio

Scrip	% of Portfolio
Dabur India Ltd.	4.13%
Jain Irrigation Systems Ltd.	4.04%
Geodesic Information System Ltd	3.98%
Infotech Enterprises Ltd.	3.83%
Pantaloon Retail (India) Ltd.	3.74%
Tata Metaliks Ltd.	3.63%
Alfa Laval (India) Ltd.	3.46%
Nicholas Piramal India Ltd.	3.33%
Welspun India Ltd.	3.32%
Hexaware Technologies Ltd	3.22%
Shree Cement Ltd.	3.21%
Geometric Software Solutions Ltd.	3.21%
LIC Housing Finance Ltd	3.20%
Bajaj Hindusthan Ltd.	3.17%
Ballarpur Industries Ltd.	3.15%
Motherson Sumi Systems Ltd.	3.15%
Volta Ltd.	3.14%
Sona Koyo Steering Systems Ltd.	3.12%
Birla Corporation Ltd.	2.91%
Micro Inks Ltd	2.45%
Blue Dart Express Ltd.	2.38%
Motor Industries Company Ltd	2.24%
Aventis Pharma Ltd.	2.05%
Polyplex Corporation Ltd.	1.99%
Ipca Laboratories Ltd.	1.66%
Cummins India Ltd.	1.42%
Gammon India Ltd.	1.36%
Vimta Labs Ltd	1.22%
United Phosphorous Ltd.	0.91%
Cash	17.38%

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
24-Nov-04	10	1.00	Rs. 12.67
24-Jan-05	10	1.00	Rs. 12.33

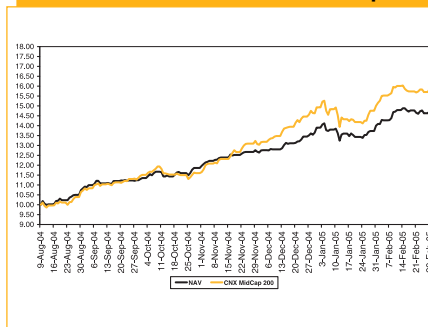
Past performance may or may not be sustained in future.
The face value of the units is Rs. 10/-

Performance

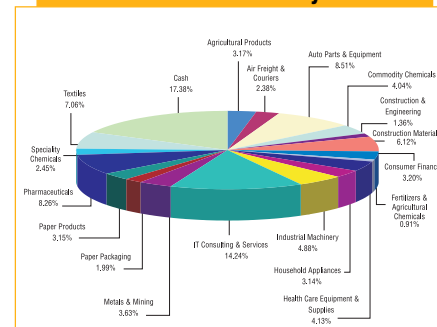
	CMF	CNX Midcap 200
3 months (90 days)#	16.17%	21.40%
6 months (181 days)#	36.01%	47.94%
Since Inception# (09/08/04)	47.30%	58.62%

Absolute Returns
Scheme "Chola Midcap Fund (CMF)" was reopened on 9th Aug 04. Past performance may or may not be sustained in future.

NAV Movement vis-à-vis CNX Midcap 200



Sector Summary



Chola Opportunities Fund

as on February 28, 2005

Investment Objective

The Scheme will invest mainly to generate long term capital appreciation from a diversified portfolio of equity and equity related securities.

Features

Fund Size	: Rs. 6.61 Crores
Type of Fund	: Open-Ended Growth Fund
NAV	
Quarterly Dividend Option	: Rs. 9.67
Cumulative Option	: Rs. 14.88
Inception	: 27-Nov-97
Fund Manager	: Pradeep Kumar
Dividend Distribution	: Quarterly
Minimum Investment for New / Existing Investors	: Rs. 3000/1000
Entry Load	: <=10 Lacs : 2.25% >10 Lacs : Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: BSE Sensex

Style Matrix

	Style			
	Growth	Blend	Value	
Size	Large			
	Mid			
	Small			

Shading within the Style Matrix indicates areas in which the Fund generally invests.

Fund Manager's Comments

Chola Opportunities Fund is a focused equity fund with exposure to a few high growth sectors of the economy. The fund has a bias towards the growth style of investing. In February, Chola Opportunities Fund continues its strategy of overweight in IT & IT enabled services and underweight in Pharmaceuticals. It helped the fund as Pharma stocks corrected in the last month. During the month, Fund book profit in Hindalco.

COF

Portfolio

Script	% of Portfolio
Tata Consultancy Services Ltd	7.94%
Geodesic Information System Ltd	7.16%
Patni Computers Systems Ltd	6.86%
Infosys Technologies Ltd	6.77%
Satyam Computer Services Ltd.	5.60%
Geometric Software Solutions Ltd.	5.45%
Volta Ltd.	5.44%
Hexaware Technologies Ltd	4.65%
Ahmednagar Forgings Ltd.	4.59%
Alok Industries Ltd	4.37%
Amtek Auto Ltd.	4.17%
Welspun India Ltd.	4.03%
Polyplex Corporation Ltd.	3.93%
Alfa Laval (India) Ltd.	3.86%
Mphasis BFL	3.71%
Ipca Laboratories Ltd.	3.57%
Moser Baer Ltd	3.37%
Vimta Labs Ltd	3.27%
Sundaram-Clayton Ltd.	2.95%
Micro Inks Ltd	2.44%
Visual Soft Technology Ltd	2.17%
Motor Industries Company Ltd	0.90%
Cash	2.80%

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
31-Mar-99	10	1.00	Rs. 12.43
30-Sep-99	15	1.50	Rs. 12.46
24-Mar-00	40	4.00	Rs. 17.23

Past performance may or may not be sustained in future.
The face value of the units is Rs. 10/-

Performance

	COF	BSE Sensex
3 Months (90 Days)#	9.41%	7.69%
6 Months (181 Days)#	32.98%	29.31%
1 Year\$	29.98%	18.41%
Since Inception \$*	24.50%	21.47%

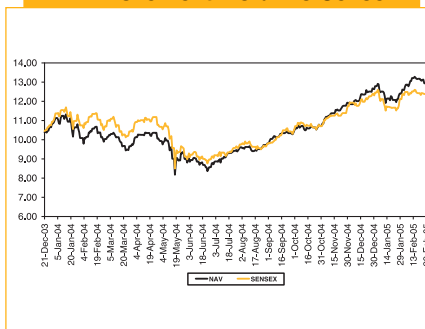
* Scheme was renamed as **Chola Opportunities Fund** on December 11, 2003. Due to change in the investment objectives, the returns for 3 and 5 years is not given.

Absolute Returns

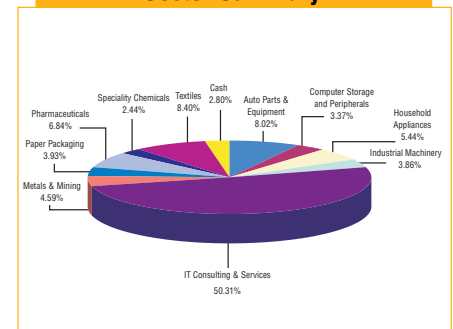
\$ Compounded Annualised Returns

Past performance may or may not be sustained in future.

NAV Movement vis-à-vis Sensex



Sector Summary



Chola Multi-Cap Fund

as on February 28, 2005

Investment Objective

To provide long term capital appreciation by investing in a well diversified portfolio of equity & equity related instruments across all ranges of market capitalisation.

Features

Fund Size	: Rs. 91.19 Crores
Type of Fund	: Open-Ended Equity Scheme
NAV	
Dividend Option	: Rs. 10.58#
Cumulative Option	: Rs. 10.58
IPO Launch Date	: 14-Dec-04
Fund Manager	: Tridib Pathak
Dividend Distribution	: -
Minimum Investment for New / Existing Investors	: Rs. 5000/1000
Entry Load	: <= 1 Crore : 2.25% > 1 Crore : Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: S&P CNX 500

Declared as and when decided by the Trustees

Style Matrix

	Style			
	Growth	Blend	Value	
Size	Large			
	Mid			
	Small			

Shading within the Style Matrix indicates areas in which the Fund generally invests.

Fund Manager's Comments

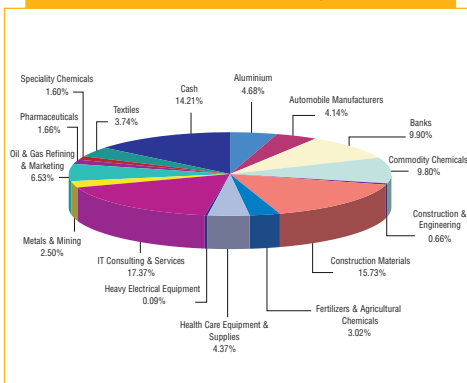
Chola Multi-Cap Fund, launched recently, is a truly diversified fund with investments in large cap, mid cap and small cap stocks. The fund is now fully invested. Currently, 50% of the fund is invested in large cap and around 30% in mid cap stocks.

CMCF

Portfolio

Scrip	% of Portfolio
ACC Ltd	7.59%
Reliance Industries Ltd	6.66%
ONGC	6.53%
ICICI Bank Ltd	5.73%
Infosys Technologies Ltd	4.86%
Hindalco Industries Ltd	4.68%
Dabur India Ltd.	4.37%
Corporation Bank	4.17%
Maruti Udyog Ltd	4.14%
Pantaloon Retail (India) Ltd.	3.74%
Geodesic Information System Ltd	3.43%
Gujarat Ambuja Cements Ltd	3.42%
Satyam Computer Services Ltd.	3.38%
Jain Irrigation Systems Ltd.	3.14%
Birla Corporation Ltd.	3.04%
United Phosphorous Ltd.	3.02%
Infotech Enterprises Ltd.	2.92%
Hexaware Technologies Ltd	2.78%
Tata Metaliks Ltd.	2.50%
Shree Cement Ltd.	1.68%
Micro Inks Ltd	1.60%
Vimta Labs Ltd	1.15%
Gammon India Ltd.	0.66%
Nicholas Piramal India Ltd.	0.51%
Emco Ltd.	0.09%
Cash	14.21%

Sector Summary



Value Research Deb: Medium Term
RATINGS ★★

Chola Triple Ace

AAAF^{*}
rated by
CRISIL

CTA

as on February 28, 2005

Investment Objective

The investment objective of the scheme would be to provide regular and stable income to Unitholders. The corpus of the scheme would be invested primarily in debt market securities, such as non-convertible debentures, bonds issued by corporates, banks and government, commercial paper, certificates of deposit and other money market instruments. The scheme would invest predominantly in securities rated by the Credit Rating and Information Services of India Ltd. (CRISIL), or any other rating agency.

Features

- Fund Size : Rs. 32.55 Crores
- Type of Fund : Open-Ended Pure Income Fund
- NAV
- Quarterly Dividend Option : Rs. 10.7288
- Semi Annual Dividend Option : Rs. 11.0246
- Cumulative Option : Rs. 22.7819
- Bonus Option : Rs. 12.6590
- Inception : 31-Mar-97
- Fund Manager : Ashish Nigam
- Dividend Distribution : Quarterly/Semi Annual
- Minimum Investment for New / Existing Investors : Rs. 2000/1000
- Entry Load : Nil
- Exit Load / CDSC : For investments <=10 Lacs:0.5% if Redeemed within 6 months
For investments >10 Lacs: Nil
- Cut Off Time
- Purchase : 3 p.m.
- Redemption : 3 p.m.
- Benchmark Index : CRISIL Composite Bond Fund Index

Portfolio

Script	Coupon	Weight	Rating
Corporate Debt			
Associates India Finance Ltd	7.80%	12.47%	AAA
Citibank Ltd	13.00%	10.02%	AAA
Fleet Trust April 2003 Series A2		2.20%	AAA
Fleet Trust April 2005 Series A1		2.28%	AAA
Fleet Trust May III 2003 Series A2		3.19%	AAA
GE Capital Services Ltd	9.50%	6.45%	AAA
PSU/PFI Debt			
IDBI Ltd	11.00%	1.41%	AA+
IDBI Ltd		12.29%	AA+
IRFC Ltd	9.25%	3.19%	AAA
Power Finance Corpn. Ltd	9.25%	8.29%	AAA
Sovereign			
CG - 2011	9.39%	17.58%	Sov
364 Days T Bill		10.34%	Sov
Call/Repo Deposit/NCA		10.29%	

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
27-Jun-03	2.5	0.25	Rs. 11.1786
29-Sept-03	2.5	0.25	Rs. 11.2634
29-Sept-03	75.0#	7.50	Rs. 22.3847
29-Dec-03	2.5	0.25	Rs. 11.1326
29-Mar-04	0.80	0.08	Rs. 10.9147
29-Mar-04^	27.5#	2.75	Rs. 14.2224
27-Sep-04^	0.6620*	0.0662	Rs.10.7427
27-Sep-04^	0.7080\$	0.0708	Rs.10.7427
27-Sep-04*	0.6620*	0.0662	Rs.11.0367
27-Sep-04*	0.7080\$	0.0708	Rs.11.0367

Semi Annual Dividend option was carved out of the Cumulative Plan in Sept' 03

* Corporate \$ Individual ^ CTA Regular

• CTA Semi Annual Dividend

Past performance may or may not be sustained in the future. The face value of the units is Rs. 10/-

Performance

	CTA- Regular Cumulative Index	CRISIL Composite Bond
3 Months (90 Days)#	1.21%	2.41%
6 Months (181 Days)#	0.76%	2.23%
1 Year\$	1.14%	1.10%
3 Years\$	7.06%	NA\$
5 Years\$	9.27%	NA\$
Since Inception\$	10.99%	NA\$

Absolute Returns

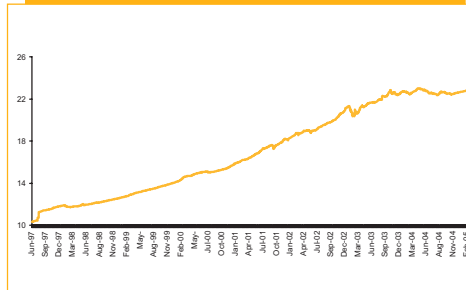
\$ Compounded Annualised Returns

NA\$ Data not available NA - Not Applicable

Past performance may or may not be sustained in future.

The distribution tax has been included in the calculations of returns.

Cumulative Plan - NAV Movement

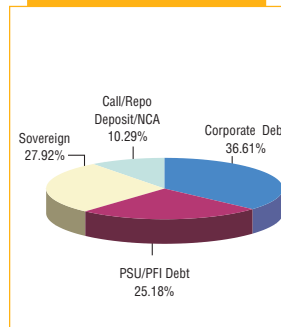


Avg Maturity	YTM
1.93 Years	5.15%

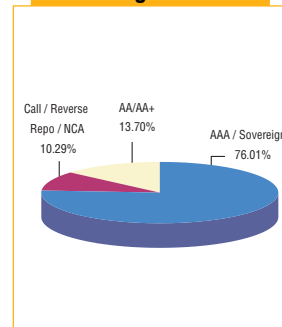
Fund Manager's Comments

CTA is long term income fund with investments in fixed instruments of all class and maturity. Utmost importance is given to the investment grade of the assets as the fund is CRISIL AAAf rated fund. The investment is in the highest rated instruments and based on the interest rate view the duration of the portfolio is managed. The investments in the fund range from very short i.e. cash/repo to sovereign securities and corporate bonds. The fund is actively managed and the portfolio churned based on the interest rate view.

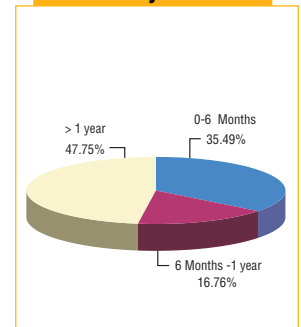
Asset Profile



Rating Profile



Maturity Profile



Chola Freedom Income - Short Term Fund

as on February 28, 2005

AAAF
rated by
CRISIL

CFI-STF

Investment Objective

To generate regular and stable income for the unitholders. The scheme will not invest in equities or equity related instruments.

Features

Fund Size	: Rs. 98.46 Crores
Type of Fund	: Open-Ended Income Fund
NAV	
Regular -	
Monthly Dividend Option	: Rs. 10.1698
Semi Annual Dividend Option	: Rs. 10.4876
Cumulative Option	: Rs. 10.5800
Institutional -	
Cumulative Option	: Rs. 10.6683
Inception	: 27-Nov-97
Fund Manager	: Ashish Nigam
Dividend Distribution	: Monthly/Semi Annual
Minimum Investment for	
New / Existing Investors	:
Regular	: Rs. 3000/1000
Institutional	: Rs. 1000000/100000
Entry Load	: Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: CRISIL Short Term Fund Index

Portfolio

Script	Coupon	Weight	Rating
Corporate Debt			
Citibank Ltd	13.00%	2.21%	AAA
Citicorp Finance Ltd	7.75%	5.13%	AAA
Fleet Trust April 2003			
Series A2		2.18%	AAA
Fleet Trust May III 2003			
Series A2		1.05%	AAA
Citifinancial Retail			
Services India Ltd		5.12%	AAA
Citi Financial Ltd	6.13%	9.16%	AAA
GE Capital Services India Ltd	9.20%	5.10%	AAA
GE Shipping Ltd	10.25%	0.51%	AAA
PSU/PFI Debt			
ICICI Bank Ltd	14.25%	5.28%	AAA
IDBI Ltd	11.00%	4.70%	AA+
IDBI Ltd	12.75%	1.09%	AA+
IDBI Ltd	14.00%	5.31%	AA+
IDBI Ltd		0.10%	AA+
IRFC Ltd	7.65%	1.98%	AAA
Nat Aluminium Co. Ltd.	14.50%	0.36%	AAA
NTPC-PTC Series XII		9.00%	AAA
Power Finance Corpn. Ltd	9.25%	0.55%	AAA
IDBI Ltd	CP	7.09%	P1+
IDBI Ltd	CP	6.08%	P1+
Sovereign			
364 Days T Bill		8.34%	Sov
Call/Repo Deposit/NCA		19.66%	

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
25-Aug-04 [^]	0.298#*	0.0298*	Rs.10.0718
25-Aug-04 [^]	0.318#\$	0.0318\$	Rs.10.0718
25-Aug-04 ^{^^}	0.347#*	0.0347*	Rs.10.0750
25-Aug-04 ^{^^}	0.371#\$	0.0371\$	Rs.10.0750
27-Sep-04 [^]	0.2480*	0.0248	Rs.10.0769
27-Sep-04 [^]	0.2650\$	0.0265	Rs.10.0769
27-Sep-04 ^{^^}	0.2980*	0.0298	Rs.10.0781
27-Sep-04 ^{^^}	0.3180\$	0.0318	Rs.10.0781
27-Sep-04 [•]	0.8270*	0.0827	Rs.10.4326
27-Sep-04 [•]	0.8840\$	0.0884	Rs.10.4326
25-Oct-04 [^]	0.2270*	0.0227	Rs.10.0676
25-Oct-04 [^]	0.2430\$	0.0243	Rs.10.0676
25-Oct-04 ^{^^}	0.2270*	0.0227	Rs.10.0663
25-Oct-04 ^{^^}	0.2430\$	0.0243	Rs.10.0663

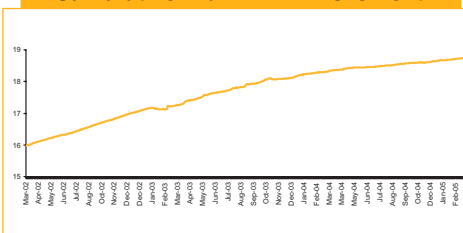
* Corporate \$ Individual
 • Semi Annual Dividend Plan # Monthly Dividend
[^] CFI-STF Regular ^{^^} CFI-STF Institutional
 Past performance may or may not be sustained in the future. The face value of the units is Rs. 10/-

Performance

	CFI-STF	CFI-STF-Institu-tional	CRISIL-STF Index
1 Month (28Days)#	0.34%	0.37%	0.50%
3 Months (90 Days)#	1.11%	1.21%	1.45%
6 Months (181 Days)#	1.85%	2.06%	2.22%
1 Year\$	3.93%	4.39%	3.48%
Since Inception\$	6.10%	5.03%	NA

\$ Compounded Annualised Returns-%
 # Absolute Returns
 Scheme was repositioned as **Chola Freedom Income - Short Term Fund** from March 08, 2002, hence the returns for 3 and 5 years is not given.
 Past performance may or may not be sustained in future. The distribution tax has been included in the calculations of returns.

Cumulative Plan - NAV Movement



Avg Maturity

0.75 Years

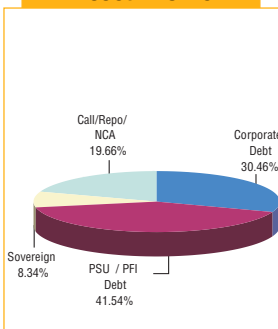
YTM

4.90%

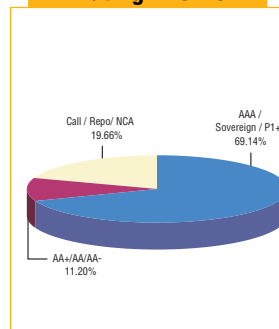
Fund Manager's Comments

CFI is a short-term fund. The objective of the fund is to give better returns than liquid fund. The duration of the fund is longer than the liquid fund and the investment is in fixed income assets ranging from cash/repo to corporate bonds and gilts with residual maturity of 5 years and less. The fund is rated AAAs by CRISIL for its credit quality.

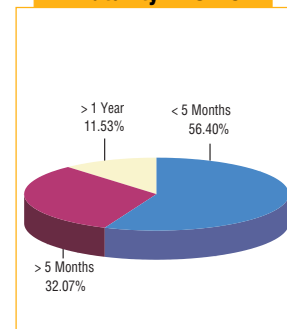
Asset Profile



Rating Profile



Maturity Profile



Value Research	Debt : Ultra Short Term Instl.	Debt : Ultra Short Term
RATINGS	★★★★	★★★

Chola Liquid Fund

AAAF^{*}
rated by
CRISIL

CLF

as on February 28, 2005

Investment Objective

The investment objective will be to generate reasonable returns while maintaining safety and providing the investor superior liquidity. To achieve this objective investments will be predominantly made in a well-diversified and highly liquid portfolio of money market instruments, government securities and corporate debt.

Features

Fund Size	: Rs. 662.37 Crores
Type of Fund	: Open-Ended Liquidity Income Scheme
NAV	
Regular-	
Weekly Dividend Option	: Rs. 11.558
Cumulative Option	: Rs. 13.3309
Institutional Plus-	
Weekly Dividend Option	: Rs. 11.5626
Cumulative Option	: Rs. 13.4036
Inception	: 4-Oct-00
Fund Manager	: Ashish Nigam
Dividend Distribution	: Weekly
Minimum Investment for	
New / Existing Investors	:
Regular	: Rs. 10000/5000
Institutional Plus	: Rs. 1000000/100000
Entry Load	: Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 1 p.m.
Redemption	: 10 a.m.
Benchmark Index	: CRISIL Liquid Fund Index

Portfolio

Scrip	Coupon	Weight	Rating
Corporate Debt			
Citi Financial Con Fin (I) Ltd		0.75%	AAA
GE Capital Services India Ltd		0.15%	AAA
Retail 2004 Series 1		0.29%	AAA
L&T Finance Ltd		3.02%	PR1+
L&T Finance Ltd		1.51%	P1+
Rabo India Finance P Ltd		1.51%	P1+
Sterlite Industries Ltd		1.51%	P1+
Sterlite Industries Ltd		0.75%	P1+
Bajaj Auto Finance Ltd		1.45%	P1+
Bajaj Auto Finance Ltd		1.44%	P1+
Bajaj Auto Finance Ltd		1.43%	P1+
GE Capital Services India Ltd		3.64%	P1+
GE Capital Services India Ltd		3.00%	P1+
GE Capital Services India Ltd		1.49%	P1+
HDFC Ltd	CP	4.49%	P1+
HDFC Ltd	CP	1.49%	P1+
HDFC Ltd	CP	1.44%	P1+
HDFC Ltd	CP	2.17%	P1+
IL&FS Ltd	CP	1.49%	P1+
Kotak Mahindra Primus Ltd		3.00%	P1+
Rabo India Finance P Ltd		0.72%	P1+
Standard Chartered Loans & Invt Ltd		3.74%	P1+
PSU/PFI Debt			
IDBI Ltd		1.06%	AA+
NABARD	4.80%	0.75%	AAA
Exim Bank Ltd		0.72%	P1+
Exim Bank Ltd		1.49%	P1+
Exim Bank Ltd		1.43%	P1+
IDBI Ltd	CP	0.45%	P1+
IDBI Ltd	CP	0.30%	P1+
National Housing Bank		1.45%	P1+
Power Finance Corporation Ltd		1.48%	P1+
Power Finance Corporation Ltd		1.48%	P1+
SIDBI	CP	1.49%	P1+
SIDBI	CP	1.49%	P1+
CDs with Banks			
Development Credit Bank	CD	1.51%	P1+
ICICI Bank Ltd	CD	7.99%	P1+
ICICI Bank Ltd	CD	1.45%	P1+
ING Vysya Bank	CD	1.43%	P1+
Kotak Mahindra Bank Ltd.	CD	2.23%	P1+
Kotak Mahindra Bank Ltd	CD	0.75%	P1+
Call/Repo Deposit/TBill		30.57%	

Performance

	CLF- Cum	CLF-Cum Institu- tional Plus	CRISIL LF Index
7 Days#	0.0976%	0.0978%	0.08%
14 Days#	0.1962%	0.1966%	0.16%
1 Month(28 Days)#	0.39%	0.39%	0.34%
3 Months(90 Days)#	1.29%	1.29%	1.14%
6 Months(181 Days)#	2.46%	2.49%	2.12%
1 Year\$	4.65%	4.86%	4.15%
3 Years\$	5.49%	NA	NA
Since Inception\$	6.76%	5.07%*	NA

Absolute Returns

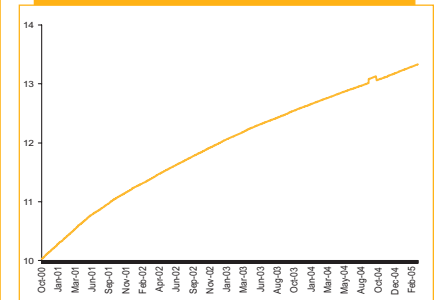
\$ Compounded Annualised Returns

NA - Not Applicable

* From April 10, 2003

Past performance may or may not be sustained in future. The distribution tax has been included in the calculations of returns.

Cumulative Plan - NAV Movement

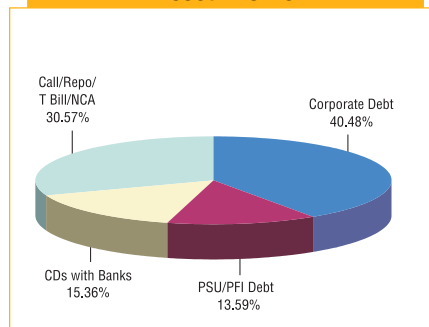


Avg Maturity	YTM
101 days	5.14%

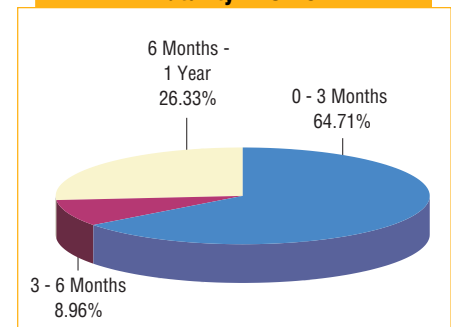
Fund Manager's Comments

Chola Liquid Fund is a very short-term fund with investments in fixed income assets of residual maturity of one year or less. The strategy for managing the fund is to invest in the highest rated instruments which are liquid in the secondary market. The fund is AAAf rated by CRISIL for its credit quality. The fund is managed actively with the duration ranging from 50 to 120 days based on the short-term view.

Asset Profile



Maturity Profile



Chola Floating Rate Fund

as on February 28, 2005

Investment Objective

The primary objective is to provide income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, money market instruments and fixed rate debt instruments swapped for floating rate return.

Features

Fund Size	: Rs. 26.48 Crores
Type of Fund	: Open-Ended Income Fund
NAV	
Dividend Option	: Rs. 10.1742#
Cumulative Option	: Rs. 10.2546
Inception	: 25-Aug-04
Fund Manager	: Ashish Nigam
Dividend Distribution	: -
Minimum Investment for	
New / Existing Investors	: Rs. 25000/1000
Entry Load	: Nil
Exit Load / CDSC	: 0.30% for <= 10 lacs if redeemed within 3 months Nil for > 10 lacs
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: CRISIL Liquid Fund Index

Declared as and when decided by the Trustees

Fund Manager's Comments

Chola Floating Rate Fund is designed to protect the investor from rising interest rates. The objective of the fund is to invest at least 65% of the corpus in floating rate instrument with benchmark linked to gilts of daily MIBOR.

CFRF

Portfolio

Scrip	Coupon	Weight	Rating
Corporate Debt			
Citi Financial Con Fin (I) Ltd		18.88%	AAA
GE Capital Services India Ltd		15.44%	AAA
LIC Housing Finance Ltd.		18.93%	AAA
PSU/PFI Debt			
IDBI Ltd		12.84%	AA+
IDBI Ltd	CP	7.53%	P1+
Sovereign			
364 Days T Bill		3.74%	Sov
NCA		2.03%	
Call/Repo Deposit/TBill		20.61%	

Avg Maturity	YTM
67 Days	5.53%

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
27-Dec-04	0.6620*	0.0662	Rs. 10.1750
27-Dec-04	0.7080\$	0.0708	Rs. 10.1750

* Corporate \$ Individual

Past performance may or may not be sustained in the future.

The face value of the units is Rs. 10/-

Performance

	CFRF	CRISIL Liquid Fund Index
1 Month (28 days) #	0.35%	0.34%
3 Months (90 Days)#	1.28%	1.14%
6 Months (181 Days)#	2.46%	2.12%
Since Inception# (25/08/04)	2.55%	2.22%

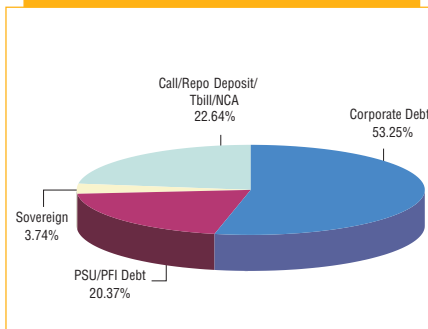
Absolute Returns

Scheme "Chola Floating Rate Fund (CFRF)" was reopened on 25th Aug '04.

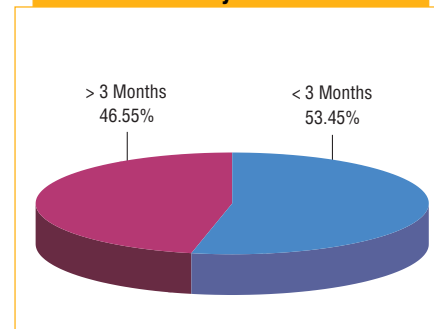
Past performance may or may not be sustained in the future.

The distribution tax has been included in the calculations of returns.

Asset Profile



Maturity Profile



Chola GILT Investment Plan

as on February 28, 2005

Investment Objective

The Scheme seeks to generate returns from a portfolio from investment in Government Securities.

Features

Fund Size	: Rs. 6.22 Crores
Type of Fund	: Open-Ended Dedicated Gilts Schemes
NAV	
Quarterly Dividend Option	: Rs. 10.0327
Cumulative Option	: Rs. 17.9739
Inception	: 29-Mar-00
Fund Manager	: Ashish Nigam
Dividend Distribution	: Quarterly
Minimum Investment for	
New / Existing Investors	: Rs. 10000/1000
Entry Load	: Nil
Exit Load / CDSC	: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: ISEC-Li-BEX

Fund Manager's Comments

The investment objective of the fund is to maximize returns by investing in GOI securities. The fund is actively managed and the investment range from short-term treasury bills to longer maturity gilt securities. The duration of the fund is actively managed and based on the interest rate view the duration of the portfolio is shortened or elongated.

Value Research Gilt : Medium & Long Term
RATINGS ★★★★★

CGIP

Portfolio

Scrip	Coupon	Weight	Rating
364 Days T Bill		23.00%	Sov
Net Current Assets		71.30%	
Call/Repo Deposit/TBill		5.70%	

Avg Maturity	YTM
0.04Years	4.78%

Dividend History

Regular Plan

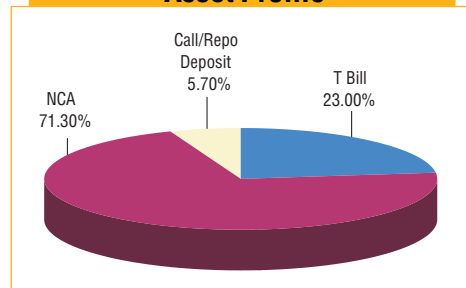
Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
25-Jun-01	3.50	0.35	Rs.10.57
25-Sep-01	5.00	0.50	Rs.10.72
26-Dec-01	5.00	0.50	Rs.10.70
26-Mar-02	5.00	0.50	Rs.10.83
25-Jun-02	2.00	0.20	Rs.10.23
25-Sept-02	3.00	0.30	Rs.10.5246
26-Dec-02	5.00	0.50	Rs.10.8981
25-Mar-03	2.50	0.25	Rs.10.3451
25-Jun-03	5.00	0.50	Rs.10.6581
25-Sept-03	3.00	0.30	Rs.10.5004
26-Dec-03	4.00	0.40	Rs.10.7098
25-Mar-04	2.0	0.20	Rs.10.3755
27-Sep-04	0.8270*	0.0827	Rs.10.2309
27-Sep-04	0.8840\$	0.0884	Rs.10.2309

PF Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
30-Mar-04	10	0.10	Rs. 10.1314

* Corporate \$ Individual
Past performance may or may not be sustained in future.
The face value of the units is Rs. 10/-

Asset Profile



Performance

	CGI	I-Sec Li-BEX
1 Year\$	1.57%	-0.36%
2 Years\$	7.51%	7.35%
3 Years\$	9.95%	NA\$
Since Inception\$	12.68%	NA\$

NA\$ Data not available NA - Not Applicable
\$ Compounded Annualised Returns - %
Past performance may or may not be sustained in the future.
The distribution tax has been included in the calculations of returns.

Chola Monthly Income Plan

as on February 28, 2005

Investment Objective

The Scheme seeks to generate monthly income through investment in a range of Debt, Equity and Money Market instruments.

Features

Fund Size	: Rs. 13.18 Crores
Type of Fund	: Open-Ended Income Scheme with no assured returns
NAV	
Monthly Dividend Option	: Rs. 10.1760
Quarterly Dividend Option	: Rs. 10.3752
Cumulative Option	: Rs. 11.5842
Bonus Option	: Rs. 11.5842
Inception	: 31-Jul-98
Fund Manager	: Ashish Nigam/ Pradeep Kumar
Dividend Distribution	: Monthly/Quarterly
Minimum Investment for New / Existing Investors	: Rs. 5000/1000 (Cum.) Rs. 10000/1000 (Div.)
Entry Load	: Nil
Exit Load / CDSC	: For investments <=10 Lacs: 0.5% if redeemed within 6 months For investments >10 Lacs: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: CRISIL Blended MIP Index

Fund Manager's Comments

In Chola MIP, equity exposure hovered around 10-15%. We booked profit in some of the cement stocks.

Value Research Hybrid : Monthly Income
RATINGS ★★★★★

CMIP

Portfolio

Script	Coupon	Weight	Rating
Corporate Debt			
Fleet Trust April 2003 Series A2		5.42%	AAA
Citi Financial Ltd	6.13%	7.60%	AAA
GE Shipping Ltd	10.25%	3.83%	AAA
PSU/PFI Debt			
IDBI Ltd		3.79%	AA+
IRFC Ltd	7.65%	0.78%	AAA
NTPC-PTC Series XII		16.80%	AAA
Power Finance Corn. Ltd	9.25%	16.37%	AAA
Equity			
ACC Ltd.		2.09%	
Chennai Petroleum Corn. Ltd		1.90%	
Gujarat Ambuja Cements Ltd.		2.11%	
Mahanagar Telephone Nigam Limited		1.53%	
Patni Computers Systems Ltd		1.15%	
Reliance Industries Ltd		2.11%	
Satyam Computer Ser. Ltd.		2.34%	
Call/Repo Deposit/Tbill/NCA		32.18%	

Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
25-Oct-04	0.5790*	0.0579	Rs.10.1632
25-Oct-04	0.6190\$	0.0619	Rs.10.1632
25-Nov-04	0.5790*	0.0579	Rs.10.1894
25-Nov-04	0.6190\$	0.0619	Rs.10.1894
27-Dec-04	0.5790*	0.0579	Rs.10.3179
27-Dec-04	0.6190\$	0.0619	Rs.10.3179
27-Dec-04	1.7370*#	0.1737	Rs.10.5158
27-Dec-04	1.8570\$#	0.1857	Rs.10.5158
25-Jan-05	0.5790*	0.0579	Rs.10.2294
25-Jan-05	0.6190#	0.0619	Rs.10.2294
25-Feb-05	0.5790*	0.0579	Rs.10.2187
25-Feb-05	0.6190\$	0.0619	Rs.10.2187

* Corporate \$ Individual

Past performance may or may not be sustained in the future.

The face value of the units is Rs. 10/-

Quarterly Dividend

Performance

	CMIP*	CRISIL Blended MIP Index
1 Month (28 Days)#	0.45%	1.00%
3 Months (90 Days)#	1.94%	3.19%
6 Months (181 Days)#	5.22%	5.66%
1 Year\$	6.49%	3.43%
Since Inception\$	9.76%	8.53%

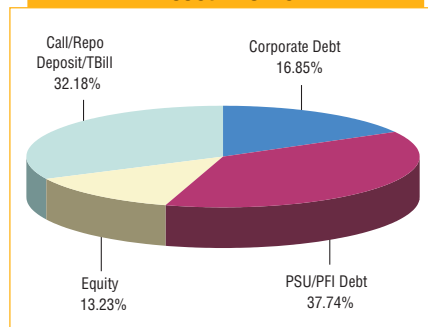
Absolute Returns \$ Compounded annualised returns

* Converted from close ended to open-ended w.e.f. July 31, 2003 and renamed as Chola Monthly Income Plan. Hence the returns of 3 & 5 years are not given.

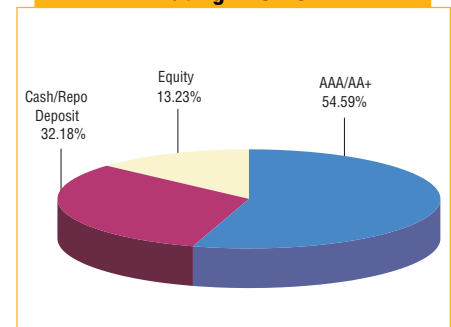
Past performance may or may not be sustained in the future. The distribution tax has been included in the calculations of returns.

Avg Maturity	YTM
2.08 Years	5.09%

Asset Profile



Rating Profile



Chola Income Plus

as on February 28, 2005

Investment Objective

The objective of the scheme is to predominately invest in a range of debt and money market instruments with a modest exposure to equity and equity related instruments.

Features

Fund Size	: Rs. 3.57 Crores
Type of Fund	: Open-Ended Income Scheme
NAV	
Quarterly Dividend Option	: Rs. 10.2634
Cumulative Option	: Rs. 10.4261
Inception	: 9-Aug-04
Fund Manager	: Ashish Nigam/ Pradeep Kumar
Dividend Distribution	: Quarterly
Minimum Investment for New / Existing Investors	: Rs. 5000/1000 (Cum.) Rs. 10000/1000 (Div.)
Entry Load	: Nil
Exit Load / CDSC	: For investments <= 25 Lacs: 0.5% if redeemed within 6 months For investments > 25 Lacs: Nil
Cut Off Time	
Purchase	: 3 p.m.
Redemption	: 3 p.m.
Benchmark Index	: CRISIL Blended MIP Index

Fund Manager's Comments

Chola Income Plus is a hybrid fund with a mix of equity and debt instruments with at least 90% of the assets in debt instruments. The fund offers a mix of both the market with bias towards the debt market. The debt instruments range from treasury bills and the risk ranges from low to medium.

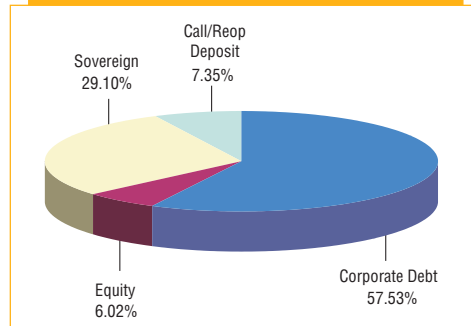
CIP

Portfolio

Scrip	Coupon	Weight	Rating
Corporate Debt			
Associates India Finance Ltd	7.80%	28.42%	AAA
GE Shipping Ltd	10.25%	29.11%	AAA
Sovereign			
364 Days T Bill		29.10%	P1+
Equity			
ACC Ltd.		1.44%	
Hindalco Industries Ltd.		1.17%	
Mahanagar Telephone Nigam Limited		0.94%	
Oil & Natural Gas Corp. Ltd		1.43%	
Ultratech Cement Co. Ltd		1.04%	
Call/Repo Deposit/NCA		7.35%	

Avg Maturity	YTM
25 Days	4.81%

Asset Profile



Dividend History

Regular Plan

Date of Declaration	% Unit	Rs./Unit	NAV as on date of declaration
29-Sep-04	0.6620*	0.0662	Rs.10.1520
29-Sep-04	0.7080\$	0.0708	Rs.10.1520
27-Dec-04	0.6620*	0.0662	Rs. 10.2358
27-Dec-04	0.7080\$	0.0708	Rs. 10.2358

* Corporate \$ Individual

Past performance may or may not be sustained in the future.

The face value of the units is Rs. 10/-

Performance

	CIP	CRISIL Blended MIP Index
1 Month(28 Days)#	0.57%	1.00%
3 Months(90 Days)#	1.73%	3.19%
3 Months(181 Days)#	3.44%	5.66%
Since Inception# (09/08/04)	4.26%	6.03%

Absolute Returns

Scheme "Chola Income Plus (CIP)" was reopened on 9th Aug 04. Past performance may or may not be sustained in the future.

The distribution tax has been included in the calculations of returns.

New Initiatives.....

Systematic Investment Plan

- Chola MF introduces **Systematic Investment Plan** across all its Equity and Debt products. An investor can start with an investment of as low as Rs. 500/- plus 11 post-dated cheques of equal amount.

You can also opt for Auto debit facility across banks through ECS (in select cities) and do away with the hassle of giving post-dated cheques.

Options : Monthly

Applicable Load

Entry Load : Nil

Exit Load : Equity Scheme - 2.25 % (if redeemed within 365 days)
 Debt Scheme - As applicable

- Investors can now invest in all Equity and Debt schemes of Chola Mutual Fund through **ICICI direct.com**

Disclaimer:

Chola Multi Cap Fund

“The Chola Multi-cap fund, which is benchmarked to S&P CNX 500 Index is not sponsored, endorsed, sold or promoted by India Services & Products Limited (IISL). IISL is not responsible for any errors or omissions or the results obtained from the use of such index and in no event shall IISL have any liability to any party for any damages of whatsoever nature (including lost profits) resulted to such party due to purchase or sale or otherwise of such product benchmarked to such index.”

Chola Midcap Fund

“The Chola Midcap fund, which is benchmarked to CNX Midcap 200 Index is not sponsored, endorsed, sold or promoted by India Services & Products Limited (IISL). IISL is not responsible for any errors or omissions or the results obtained from the use of such index and in no event shall IISL have any liability to any party for any damages of whatsoever nature (including lost profits) resulted to such party due to purchase or sale or otherwise of such product benchmarked to such index.”

Value Research	Fund Category
RATINGS	Fund Rating

Fund Category : It indicates the name of the fund category.

★★★★★ Top 10% ★★★★ Next 22.5% ★★★ Middle 35% ★★ Next 22.5% ★ Bottom 10%	Fund Rating : Value Research Fund Rating is a composite measure of a fund's return and risk relative to its peers in the category. It is purely quantitative. For equity and hybrid funds, the Fund Ratings for the two time periods (3 & 5 years) are combined. For debt funds, the Fund Ratings are based on 18-month weekly risk-adjusted performance. The equity funds are rated with a minimum performance history of three years and a debt fund with a minimum history of 18 months. The Ratings are as on 28/02/2005.	Value Research
		For 12 years now, Value Research has been the acknowledged research house on Indian Mutual Funds. To help Investors make correct investment decisions, Value Research study every Mutual Fund, evaluate their returns, the risk they take, the investments they make and the people who manage them.

Systematic Investment Plan with Cholamandalam Growth Fund

Rs. 1000/- invested every month

For One year horizon				For Three years horizon			
Date of SIP	NAV	Amount invested (Rs)	No.of units allotted	Date of SIP	NAV	Amount invested (Rs)	No.of units allotted
1-Mar-04	26.24	1000	38.11	1-Mar-02	12.43	1000	80.45
1-Apr-04*	26.68	1000	37.48	1-Apr-02	12.55	1000	79.68
3-May-04	26.22	1000	38.14	2-May-02	12.36	1000	80.91
1-Jun-04	22.86	1000	43.74	3-Jun-02	11.61	1000	86.13
1-Jul-04	23.20	1000	43.10	1-Jul-02	12.17	1000	82.17
2-Aug-04	24.98	1000	40.03	1-Aug-02	11.39	1000	87.80
1-Sep-04	26.08	1000	38.34	2-Sep-02	11.90	1000	84.03
1-Oct-04	27.84	1000	35.92	1-Oct-02	10.78	1000	92.76
1-Nov-04	28.32	1000	35.31	1-Nov-02	11.17	1000	89.53
1-Dec-04	30.08	1000	33.24	2-Dec-02	12.36	1000	80.91
3-Jan-05	33.08	1000	30.23	1-Jan-03	12.78	1000	78.25
1-Feb-05	32.70	1000	30.58	3-Feb-03	12.49	1000	80.06
Total		12000	444.24	3-Mar-03	12.68	1000	78.86
				1-Apr-03	12.11	1000	82.58
				2-May-03	12.07	1000	82.85
				2-Jun-03	13.32	1000	75.08
				1-Jul-03	14.66	1000	68.21
				1-Aug-03	15.96	1000	62.66
				1-Sep-03	18.71	1000	53.45
				1-Oct-03	19.24	1000	51.98
				3-Nov-03	22.34	1000	44.76
				1-Dec-03	23.51	1000	42.54
				1-Jan-04	26.08	1000	38.34
				3-Feb-04	24.72	1000	40.45
				1-Mar-04	26.24	1000	38.11
				1-Apr-04*	26.68	1000	37.48
				3-May-04	26.22	1000	38.14
				1-Jun-04	22.86	1000	43.74
				1-Jul-04	23.20	1000	43.10
				2-Aug-04	24.98	1000	40.03
				1-Sep-04	26.08	1000	38.34
				1-Oct-04	27.84	1000	35.92
				1-Nov-04	28.32	1000	35.31
				1-Dec-04	30.08	1000	33.24
				3-Jan-05	33.08	1000	30.23
				1-Feb-05	32.70	1000	30.58
				Total		36000	2,168.67
				Total Amount Invested			Rs. 36000
				NAV as on 28th Feb 05			Rs. 33.74
				Average Cost Per Unit			Rs. 16.60
				Value of investment as on 28th Feb 05			Rs. 73170
				Three year annualised returns (%)			42.55%
				Past performance may or may not be sustained in future.			

Total Amount Invested Rs. 12000
NAV as on 28th Feb 05 Rs. 33.74
Average Cost Per Unit Rs. 27.01
Value of investment as on 28th Feb 05 Rs. 14989
One year annualised returns (%) 40.51%

Past performance may or may not be sustained in future.

* cumulative bonus nav taken from 1 April 2004 as bonus was declared @ 1:1

◆ **Investment Objective (an open-ended growth scheme):** The Scheme primarily seeks to generate long-term capital appreciation income through investments in equity and equity related instruments; the secondary objective is to generate some current income and distribute dividend. ◆ **General 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 cannot be any assurance that the Schemes' Investment Objectives can be achieved. ◆ The past performance of the AMC, Mutual Fund, the Sponsor or its Group affiliation is not indicative of the future performance of the Scheme. ◆ Cholamandalam Growth Fund is only the name and does not in any manner indicate the quality of the Scheme, its future prospects or returns. ◆ **Scheme specific Risk Factors:** The Scheme is subject to risk relating to market, credit, interest rate, liquidity, settlement, volatility, investment in overseas market, trading in debt & equity derivatives. ◆ For details of Scheme Specific Risk factors and other details relating to the scheme, the investors are requested to study the Offer Document of the Scheme carefully before making any investment. ◆ The investors in the Scheme are not being offered a guaranteed or assured rate of return. ◆ **Statutory details :** Chola Mutual Fund has been established as a trust under the Indian Trust Act, 1882 by Cholamandalam Investment and Finance Company Limited (liability restricted to the seed corpus of Rs. 1 lakh) with Cholamandalam Trustee Company Limited as the Trustee and Cholamandalam AMC Limited as the Investment Manager.