



STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information (SAI) contains details of Motilal Oswal Mutual Fund, its constitution and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

Asset Management Company:

Motilal Oswal Asset Management Co. Ltd.

Registered and Corporate Office Address:

10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400025

Trustee:

Motilal Oswal Trustee Co. Ltd.

Registered Office Address:

10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400025

Visit: www.motilaloswalmf.com and
www.mostshares.com

This SAI is dated June 30, 2017.

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANY

A. CONSTITUTION OF MUTUAL FUND

Motilal Oswal Mutual Fund (**Mutual Fund or MOMF**) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882). Motilal Oswal Securities Limited is the Sponsor and Motilal Oswal Trustee Company Limited is the Trustee to the Fund. The Trust Deed has been registered under the Indian Registration Act, 1908. MOMF was registered with SEBI under SEBI (Mutual Funds) Regulations, 1996 on December 29, 2009 bearing Registration number MF/063/09/04. The office of Mutual Fund is at 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani road, Opposite Parel ST Depot, Prabhdevi, Mumbai – 400025.

B. SPONSOR

MOMF is sponsored by Motilal Oswal Securities Limited (**MOSL**). The Sponsor is the Settlor of the Mutual Fund Trust. The Settlor has entrusted a sum of Rs. 1 Lakh to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

MOSL was incorporated under the Companies Act, 1956. It is subsidiary of Motilal Oswal Financial Services Limited which is listed on National Stock Exchange and Bombay Stock Exchange. MOSL is engaged in the business of stock broking and depository services. MOSL is a member of Bombay Stock Exchange, National Stock Exchange and Metropolitan Stock Exchange Of India Ltd. and is a Depository Participant with National Securities Depository Limited and Central Depository Services (India) Limited. The registered office of MOSL is at Motilal Oswal Tower, Rahimtullah Sayani road, Opposite Parel ST Depot, Prabhdevi, Mumbai – 400025.

Financial Performance (Audited) of MOSL (past three years):

Particulars	(Rs. in Crores)		
	2016 – 2017	2015 – 2016	2014 – 2015
Net Worth	871.62	762.81	702.26
Total Income	719.66	550.51	542.56
Profit after Tax	108.81	60.55	108.12
Asset under Management, if any	-	-	-

C. THE TRUSTEE

Motilal Oswal Trustee Company Ltd. (**Trustee or MOTC**), through its Board of Directors, shall discharge its obligations as Trustee of MOMF. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI MF Regulations and will also review the activities carried on by the AMC. MOTC is registered under the Companies Act, 1956 and was incorporated on November 14, 2008. The Sponsor has executed the Trust Deed on May 21, 2009 appointing MOTC as a trustee to MOMF.

Details of Trustee Directors:

Name	Age (In years)	Qualifica- tion	Brief Experience
Mr. Motilal Oswal Associate Director	55	B.Com and ACA	Mr. Motilal Oswal is the Managing Director of Motilal Oswal Financial Services Ltd. He has varied experience of over 25 years in the financial service sector. He has served on the governing board of the Bombay Stock Exchange as a Director. He has also been member of the National Stock Exchange committee for F&O and a member of the Managing Committee of Indian Merchants' Chamber. He is also a Director on the Board of various Companies.
Mr. Sunil Goyal Independent Director	49	B.Com and ACA	Mr. Sunil Goyal is the Managing Director of Ladderup Finance Limited and Ladderup Corporate Advisory Private Limited. He has rich and varied experience of more than 25 years in the field of Financial and Management Consultancy, providing expertise and sound networking for wealth management operations, advising in mergers and acquisitions, private equity, debt transaction advisory, etc. He is a member of the SME Chamber of Commerce, TiE Mumbai (a global non-for-profit organisation focused on promoting entrepreneurship) and Mumbai Angels. He is also a Director on the Board of various Companies.
Mr. Brij Gopal Daga Independent Director	74	M.com, ACS & AIA (Ion), Di- ploma in Banking & Cooperation of Indian Institute of Banking Govt.	Mr. Brij Gopal Daga has an extensive experience of more than 4 decades. He has worked in RBI for 25 years and thereafter in UTI for 14 years in various capacities looking after practically all aspects of mutual funds including joint venture of AMCs in Colombo, Cairo, and Mauritius, managing offshore funds in India including its structuring, administration etc. He has represented UTI on many corporate boards including ITC, L&T, IL&FS, Stockholding Corp. He is also a Director on the Board of various Companies.
Mr. Samir Shah Independent Director	55	Chartered Accountant	Mr. Samir Shah has an extensive experience of more than 2 decades. He has worked as a Practicing Chartered Accountant for around

			eight years. Currently he is working as a Financial Consultant.
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Out of 4 directors on the Board of MOTC, 3 (i.e. 3/4th) directors are independent directors.

DUTIES AND RESPONSIBILITIES OF THE TRUSTEE UNDER THE TRUST DEED AND THE SEBI REGULATIONS:

The duties and responsibilities of the Trustee shall be in accordance with Regulation 18 under Chapter III of the Regulations and Trust Deed. The Trustees shall discharge such duties and responsibilities as provided in the Regulations and Trust Deed.

The Trust Deed contains among others, the following clauses that may be material to the investors:

1. The Trustee shall maintain arm's length relationship with companies, institutions, financial intermediaries or bodies corporate with which the Trustee may be associated in any capacity in carrying out their responsibilities. A Director shall not participate in the meetings of the Trustee Company when any decisions for investments in which he may be interested are taken. Each Director of the Trustee shall furnish particulars of interest which he may have in any other company or institution or financial intermediary or any corporate by virtue of his position as director, partner or with which he/she may be associated in any other capacity.
2. The Trustee shall take into their custody or under their control all the property of the Schemes of the Mutual Fund and hold it in trust for the unit-holders.
3. It shall be the duty of the Trustee to act in the interest of the unit holders.
4. It shall be the duty of the Trustee to provide or cause to provide information to the unit holders and SEBI as may be required by SEBI from time to time.
5. The Trustee shall take reasonable care to ensure that the funds under various Schemes floated, are managed by the AMC in accordance with the Trust Deed and SEBI Regulations.
6. The Trustee shall have powers to dismiss the AMC under the specific events with the prior approval of the Board in accordance with the regulations.
7. The Trustee shall supervise the collection of any income due to be paid to the scheme and for claiming any repayment of tax and holding any income received in trust for the holders.
8. The Trustee shall not acquire nor allow the AMC to acquire any assets out of the Trust Fund and/or unit capital which involves the assumption of unlimited liability or results in the encumbrances of Trust Fund and/or unit capital in any way.
9. No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and unit holder's approval would be obtained where it affects the interest of Unit holders in such manner as may be prescribed by SEBI from time to time.

Other Duties and Responsibilities of Trustees

1. The Trustee is responsible for entering into an Investment Management Agreement with the AMC by which the latter is entrusted with the task of floating and managing the Schemes of Mutual Fund.

2. The Investment Management Agreement shall contain such clauses as are mentioned in the Fourth Schedule of SEBI Regulations and such other clauses as are necessary for the purpose of making investments.
3. The Trustee shall have the right to obtain from the AMC such information as is considered necessary by the Trustee and shall review all reports and compliance procedures from the AMC.
4. The Trustee shall ensure before the launch of any Scheme that the AMC has:
 - a. Systems in place for its back office, dealing room and accounting;
 - b. Appointed all key personnel including fund manager(s) for the Scheme and submitted to the Trustee their bio-data which shall contain the educational qualifications, past experience in the securities market within fifteen days of their appointment;
 - c. Appointed auditors to audit the accounts of the Scheme;
 - d. Appointed a compliance officer who will be responsible for monitoring compliance with Act, Rules and regulations, notifications, guidelines and instructions issued by the SEBI or the Central Government and to redress investor grievances;
 - e. Appointed registrars and lay down parameters for their supervision;
 - f. Prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - g. Specified norms for empanelment of brokers and marketing agents; and
 - h. Obtained, wherever required under the regulations, prior in-principle approval from the recognised stock exchange(s) where units are proposed to be listed.
5. The Trustee shall ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
6. The Trustee shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to the interest of the holders of the units.
7. The Trustee shall ensure that the transactions entered into by the AMC are in accordance with the Regulations and the Schemes.
8. The Trustee shall ensure that the AMC has been managing the Mutual Fund Schemes independently of other activities and have taken adequate steps to ensure that the interest of the investors of the Schemes are not being compromised with those of any other Scheme or of other activities of the AMC.
9. The Trustee are required to ensure that all the activities of the AMC are in accordance with the provisions of the Regulations and shall exercise general and specific due diligence as required under the Regulations.
10. Where the Trustee have reason to believe that the conduct of the business of the Fund is not in accordance with these Regulations and the provisions of the Schemes launched there under, they shall forthwith take such remedial steps as are necessary by them and to immediately inform SEBI of the violation and the action taken by it.
11. Each Trustee shall file the details of his transactions of dealings in securities with the Mutual Fund as may be specified under the SEBI (Mutual Funds) Regulations, 1996 from time to time.

12. The Trustee shall be accountable for and is required to be the custodian of the Fund's property of the Schemes and to hold the same in trust for the benefit of the Unit holders in accordance with the Regulations and the provisions of the Trust Deed.
13. The Trustee shall take steps to ensure that the transactions of the Fund are in accordance with the provisions of the Trust Deed.
14. The Trustees are responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of the Schemes in accordance with the Regulations and the Trust Deed.
15. The Trustee is required to obtain the consent of the Unit holders of the Scheme:
 - a. When the Trustee is required to do so by SEBI in the interest of the Unit holders of the Scheme; or
 - b. Upon a requisition made by three-fourths of the Unit holders of the Scheme; or
 - c. When the majority of the Directors of Trustee decide to wind up the Scheme or prematurely redeem the Units.
16. The Trustee shall ensure that no change in the fundamental attributes of the Schemes or the trust or the fees and expenses payable or any changes which would modify the Schemes and affects the interest of Unit holders shall be carried out unless:-
 - a) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a Marathi newspaper published in the region where the Head Office of the Mutual Fund is situated; and
 - b) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load regardless of unit of Schemes held.
17. The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in their own names or on behalf of the AMC and shall report to SEBI as and when required;
18. The Trustee shall quarterly review all transactions carried out between the mutual fund, AMC and its associates;
19. The Trustee shall review the net worth of the AMC on quarterly basis and in case of any shortfall ensure that the AMC makes up for the shortfall as per the clause (f) of sub-regulation (1) of regulation 21 of the Regulations.
20. The Trustee shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unit holders.
21. The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interests of the unit holders;
22. The Trustee shall periodically review the investor complaints received and redressal of the same by the AMC.
23. The Trustees shall abide by the code of conduct as specified in the Fifth Schedule of SEBI Regulations.
24. The Trustee shall furnish to SEBI on a half yearly basis or at such frequency as may be prescribed by SEBI from time to time-
 - a. a report on the activities of the Mutual Fund;
 - b. a certificate stating the Directors have satisfied themselves that there have been no instances of self dealing or front running by any of the Trustee, Directors and key personnel of the AMC; and

- c. a certificate to the effect that the AMC has been managing the Schemes independently of any other activities and in case any activities of the nature referred to in sub Regulation (b) of Regulation 24 of the Regulations have been undertaken, the AMC has taken adequate steps to ensure that the interest of the unit holders is adequately protected.
25. The independent Directors of the Trustee are required to give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of the group companies of the sponsor.
26. The Trustee shall exercise due diligence as under:
 - General Due Diligence

The Trustee shall:

 - a. be discerning in the appointment of the directors on the Board of the AMC;
 - b. review the desirability of continuance of the AMC if substantial irregularities are observed in any of the Schemes and shall not allow the AMC to float new Schemes;
 - c. ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons;
 - d. ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority;
 - e. arrange for test checks of service contracts; and
 - f. Immediately report to SEBI of any special developments in the Fund.
 - Specific Due Diligence

The Trustee shall:

 - a. obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee;
 - b. obtain compliance certificates at regular intervals from the AMC;
 - c. hold meeting of the Board of the Trustee Company frequently and ensure that atleast 6 such meeting shall be held in each year;
 - d. consider the reports of the independent auditor and compliance reports of the AMC at the meetings of the Board of the Trustee Company for appropriate action;
 - e. maintain records of the decisions of the Board of the Trustee Company at their meetings and of the minutes of the meetings;
 - f. prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel; and
 - g. Communicate in writing to the AMC of the deficiencies and check on the rectification of deficiencies.
27. Notwithstanding anything contained herein above from points (1) to (26) the Trustees shall not be held liable for any act done in good faith if they have exercised adequate due diligence honestly.
28. The Trustee shall act in the interest of Unitholders.
29. The Trustees shall appoint statutory auditors to verify the books of account and to ascertain the true and fair representation of state of affairs and to ascertain profit or loss of the Mutual Fund, as at the end of the financial year.
30. The Trustees shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business.

31. The Trustees shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
32. The Independent Directors of the Trustee shall pay specific attention to the following, as may be applicable namely: -
 - a. The Investment Management Agreement and the compensation paid under the same;
 - b. Service contracts with affiliates - whether the AMC has charged higher fees than outside contractors would have charged for the same services;
 - c. Selection of the AMC's independent directors;
 - d. Securities transactions involving affiliates to the extent such transactions are permitted;
 - e. Selecting and nominating individuals to fill independent director vacancies;
 - f. Code of ethics have been designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transaction;
 - g. The reasonableness of fees paid to the Sponsors, AMC and any others for services provided;
 - h. Principal underwriting contracts and their renewals; and
 - i. Any service contract with the associates of the AMC.

Trustee's Supervisory Role:

The Trustee shall review the information and operation of the Mutual Fund based on the periodic reports on the compliance of mandatory regulatory requirements, obtained from the compliance officer on a regular basis. The Compliance Officer has direct reporting line to the Board of Directors of the Trustees. Further, the Trustee has constituted an Audit Committee and appointed an independent internal auditor for conducting internal audit of the books and records of the Fund. The internal auditor submits their report directly to the Trustee.

The Regulations provide that the Trustee meetings will be held once in every two calendar months and at least six such meetings will be held in a year. Quorum for the meeting of the Board of Trustee Company shall not be constituted unless one independent director is present at the meeting.

In compliance with above provision, during the financial year 2016-2017, Six (6) meetings of the Board of Directors of the Trustee Company were held.

The Trustee shall also ensure that:

- a. investments are of the permitted kind and within the set limits;
- b. the Fund assets are duly protected;
- c. transactions in units under a Scheme are properly executed by the AMC with reference to the pricing of the units and payments into and out of the Fund;
- d. adequate internal controls are provided for by the AMC;
- e. income due to the Fund is properly accounted for;
- f. all expenses and charges to the Schemes are as permitted; and
- g. Distributions from the Fund are done properly.

D. ASSET MANAGEMENT COMPANY

Motilal Oswal Asset Management Company Ltd. (**MOAMC**) is public a limited company incorporated under the Companies Act, 1956 on November 14, 2008, having its Registered Office at 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400025. MOAMC has been appointed as the Investment Manager to MOMF vide Investment Management Agreement (IMA) dated May 21, 2009, executed between MOTC and MOAMC.

MOAMC undertakes the following activities other than that of managing the Schemes of MOMF and has also obtained NOC from SEBI for the same:

- a) MOAMC is a registered Portfolio Manager under SEBI (Portfolio Managers) Regulations, 1993 bearing registration number INP000000670 and the registration is valid till September 15, 2017.
- b) MOAMC acts as an Investment Manager to the Schemes of Motilal Oswal Alternative Investment Trust (MOAIT) and is registered under SEBI (Alternative Investment Funds) Regulations, 2012 bearing registration number IN/AIF3/13-14/0044.
- c) MOAMC provides Investment Management and advisory services to its wholly owned subsidiary company in Mauritius.
- d) For incorporating a wholly owned subsidiary in India which will undertake Investment Advisory Services to offshore clients

AMC confirms that there is no conflict of interest between the aforesaid activities managed by AMC.

Apart from the above-mentioned activities, the AMC may undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the mutual fund subject to receipt of necessary regulatory approvals and approval of Trustees and by ensuring compliance with provisions of regulation 24(b) (i to viii). Provided further that the asset management company may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund till further directions, as may be specified by the Board, subject to compliance with the following additional conditions:-

- i) it satisfies the Board that key personnel of the asset management company, the system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities;
- ii) it meets with the capital adequacy requirements, if any, separately for each of such activities and obtain separate approval, if necessary under the relevant regulations.

Explanation:—For the purpose of this regulation, the term ‘broad based fund’ shall mean the fund which has at least twenty investors and no single investor account for more than twenty five percent of corpus of the fund.

The paid-up capital of the MOAMC is Rs. 65.05 Crores comprising of 65.05 Crores of Equity Shares of Re. 1/- each. The shareholding pattern of MOAMC is as follows:

Name of the Shareholder	% of Shareholding
Motilal Oswal Securities Limited*	99.92 %
Other Shareholders (Shares issued on exercise of stock options)	0.08 %

*including 6 shares held jointly with its nominees.

Name	Age (In years)	Qualification	Brief Experience
Mr. Raamdeo Agrawal Associate Director	60	B.Com and ACA	<p>Mr. Raamdeo Agrawal is a Co-founder and Joint Managing Director of Motilal Oswal Financial Services Ltd. He is the key driving force behind strong research capability as well as a renowned Value investor, and has also been instrumental in setting up the investment management philosophy of the firm. He has an extensive experience of more than 3 decades in Financial Service Sector.</p> <p>He is a member of the National Committee on Capital Markets of the Confederation of Indian Industry. He has been authoring the annual Motilal Oswal Wealth Creation Study since its inception in 1996.</p> <p>He is also a Director on the Board of various Companies.</p>
Mr. Aashish P Somaiyaa Managing Director	41	B. E (Polymers) and MMS (Finance)	<p>Mr. Aashish P Somaiyaa has more than 15 years of rich and varied experience in sales and distribution, channel management, product development and institutional sales from ICICI Prudential Asset Management Company Ltd. and a brief stint at project management with Bharti AXA Investment Managers Pvt. Ltd.</p> <p>His last assignment was with ICICI Prudential Asset Management Company Ltd. as Senior Vice President & Head-Retail Business where he was responsible for sales, distribution and product development of Mutual Fund, PMS and Real Estate offerings through retail distribution, banking and private wealth management</p>

			channels across India and UAE.
Mr. Kanu Doshi Independent Director	80	C.A.	Mr. Kanu Doshi has more than 49 years of varied experience. He specialises in corporate taxation and has got insight into financial matters of corporates particularly companies setting up new projects and seeking financial assistances from financial institutions. He is also a Director on the Board of various Companies.
Mr. Ashok Jain Independent Director	59	B.Com, FCA, ACS	Mr. Ashok Jain has rich and varied experience of more than two decades in the field of Corporate Management, particularly finance. He is the Whole-Time Director & CFO of Gujarat Borosil Ltd. since 2003.

POWERS, DUTIES, OBLIGATIONS AND RESPONSIBILITIES OF THE ASSET MANAGEMENT COMPANY

The duties, responsibilities of the AMC shall be governed by the Regulations and the Investment Management Agreement. The AMC, in the course of managing the affairs of the Mutual Fund, has the powers inter-alia to:

1. Floating Scheme(s) of the Mutual Fund after approval of the same by Trustees as well as SEBI and investing and managing the funds mobilised under various schemes, in accordance with the provisions of the Trust Deed and the Regulations.
2. Invest in, acquire, hold, manage or dispose of all or any securities and to deal with, engage in and carry out all other functions and to transact all businesses pertaining to the Fund.
3. Keep the moneys belonging to the Trust with scheduled banks and Custodians as it may deem fit.
4. Obtain, wherever required under the regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
5. Issue, sell purchase and cancel units under any Scheme as per the terms of respective scheme of the Mutual Fund.
6. Repurchase the units that are offered for repurchase and hold, reissue or cancel them.
7. Formulate strategies, lay down policies for deployment of funds under various Schemes and set limits collectively or separately for privately placed debentures, unquoted debt instruments, securitized debts and other forms of variable securities which are to form part of the investments of the Trust Funds.
8. Arrange for investments, deposits or other deployment as well as disinvestments or re-fund out of the Trust Funds as per the set strategies and policies.
9. Make and give receipts, releases and other discharges for moneys payable to the Trust and for the claims and demands of the Trust.
10. Get the units under any Scheme listed on any one or more stock exchanges in India or abroad.

11. Open one or more bank accounts for the purposes of the Fund, to deposit and withdraw money and fully operate the same;
12. Pay for all costs, charges and expenses, incidental to the administration of the Trust and the management and maintenance of the Trust property, Custodian and/or any other entities entitled for the benefit of the Fund, audit fee, management fee and other fees.
13. Furnish compliance reports to the Trustees as prescribed by SEBI.
14. Provide or cause to provide information to SEBI and the Unit holders as may be specified by SEBI.
15. Generally do all acts, deeds, matters and things which are necessary for any object, purpose or in relation to the Mutual Fund in any manner or in relation to any Scheme of the Mutual Fund.
16. Ensure that no Scheme Information Document (SID) of a Scheme, Key Information Memorandum (KIM), Abridged Half yearly results and Annual Results are issued or published without the prior approval of the Trustee.
17. Ensure that the delivery of scrips purchased is taken and that the delivery is given in case of scrips sold and Mutual Fund in no case engages in short selling or carry forward transactions or badla finance.

The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI (Mutual Funds) Regulations, 1996 as amended from time to time. The AMC shall:

1. Maintain high standards of integrity and fairness in all their dealings and in the conduct of their business.
2. Take reasonable steps and exercise due diligence to ensure that the investment of money pertaining to any Scheme is not contrary to the provisions of the SEBI Regulations and the Trust Deed.
3. Exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
4. Render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.

The independent directors of the AMC will pay specific attention to the following as may be applicable namely:

1. The Investment Management Agreement and the compensation paid under the Agreement.
2. Service contracts with affiliates - whether the company has charged higher fees than outside contractors for the same services.
3. Securities transactions involving affiliates to the extent such transactions are permitted.
4. Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
5. The reasonableness of fees paid to Sponsors, AMC and any others for services provided.
6. Principal underwriting contracts and renewals.
7. Any service contracts with the associates of the company.

Under the SEBI Regulations, duties and responsibilities of AMC are as under:

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
4. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company.
5. The AMC shall submit to the trustees quarterly reports (or at such intervals as may be required by the Trustees or SEBI) of each year on its activities and the compliance with these regulations.
6. The trustees at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company.
7. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omissions, while holding such position or office.
8. An AMC shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes. Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the Mutual Fund. Provided further that the aforesaid limit of 5% shall apply for a block of any three months.
9. An AMC shall not purchase or sell securities through any broker (other than the broker associated with Sponsors) which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis. Provided that the aforesaid limit shall apply for a block of three months or as may be prescribed by SEBI from time to time.
10. An AMC shall not utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that an AMC may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the Mutual Fund.
Provided further that the Mutual Funds shall disclose at the time of declaring half-yearly and yearly results;
 - any underwriting obligations undertaken by the schemes of the Mutual Funds with respect to issue of securities associate companies,
 - devolvement, if any,
 - subscription by the schemes in the issues lead managed by associate companies
 - subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.

11. The AMC shall file with the trustees the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to the SEBI, as and when required by the SEBI.
12. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees at its next meeting.
13. In case any company has invested more than 5 per cent of the net asset value of a scheme (such other limits as may be prescribed from time to time under SEBI Regulations), the investment made by that scheme or by any other scheme of the same Mutual Fund in that company or its subsidiaries shall be brought to the notice of the trustees by the AMC and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment. Provided the latter investment has been made within one year of the date of the former investment calculated on either side.
14. The AMC shall file with the trustees and the SEBI –
 - detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment and any change in the interest of Directors every six months; and
 - a quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the AMC as the case may be, by the Mutual Fund during the said quarter.
15. Each director of the AMC shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with the guidelines issued by the SEBI.
16. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
17. The AMC shall appoint registrars and share transfer agents who are registered with the SEBI. Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
18. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule.
19. The AMC shall:
 - not act as a Trustee of any Mutual Fund;
 - not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the mutual fund, subject to receipt of necessary regulatory approvals and approval of Trustees and by ensuring compliance with provisions of regulation 24(b) (i to viii). Provided further that the asset management company may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund till further directions, as may be specified by the Board, subject to compliance with the following additional conditions:-
 - i) it satisfies the Board that key personnel of the asset management company, the system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities;

- ii) it meets with the capital adequacy requirements, if any, separately for each of such activities and obtain separate approval, if necessary under the relevant regulations.

Explanation:—For the purpose of this regulation, the term ‘broad based fund’ shall mean the fund which has at least twenty investors and no single investor account for more than twenty five percent of corpus of the fund.

- not invest in any of its Scheme unless full disclosure of its intention to invest has been made in the Scheme Information Document; Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;
 - not acquire any assets out of the trust fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.
20. The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as specified by the Board.
21. The Managing Director and Chief Executive Officer of AMC shall ensure that the Mutual Fund complies with all the provisions of SEBI (Mutual Funds) Regulations, 1996 and guidelines/circulars issued in relation thereto from time to time and that the investments made by the Fund Managers are in the interest of the Unitholders and shall also be responsible for overall risk management function of the Mutual Fund.
22. The AMC shall keep and maintain proper books of accounts, records and documents for each Scheme so as to explain its transactions and to disclose at any time the financial position of each Scheme and in particular to give a true and fair view of the state of affairs of the Fund and such records shall be maintained for a period of eight years.

KEY PERSONNEL OF ASSET MANAGEMENT COMPANY

Name	Age (In years)	Qualification	Brief Experience
Mr. Aashish P Somaiyaa Managing Director & Chief Executive Officer	41	B. E (Polymers) and MMS (Finance)	Mr. Aashish Somaiyaa has more than 15 years of rich and varied experience in sales and distribution, channel management, product development and institutional sales from ICICI Prudential Asset Management Company Ltd. and a brief stint at project management with Bharti AXA Investment Managers Pvt. Ltd. His last assignment was with ICICI Prudential Asset Management Company Ltd. as Senior Vice President & Head-Retail Business where he was responsible for sales, distribution and product development of Mutual Fund, PMS and Real Estate offerings through retail distribution, banking and private wealth management

			channels across India and UAE.
Mr. Gautam Sinha Roy Fund Manager - Equity	39	B.E (Honors) from University of Calcutta and PGDM from IIM-Calcutta.	Mr. Gautam Sinha Roy has 14 years of rich experience in fund management and research. He had worked with Motilal Oswal Securities Limited as a part of the Investment, Market Strategy & Product Development team. His last assignment was with Motilal Oswal Securities Ltd. where he was handling corporate investments books. He has also worked with organizations like IIFL Capital Pte. Ltd., Mirae Asset Global Investment Pvt. Ltd., Edelweiss Capital Ltd. and Genpact Ltd.
Mr. Siddharth Bothra Fund Manager - Equity	40	B.Com, MBA (Post Graduate Program) from ISB, Hyderabad) and MBA International Student Exchange NYU Stern School of Business, New York	Mr. Siddharth Bothra has a rich experience of more than 17 years in the field of research and investments. He has worked with VDK Share and Stock Broking Services, Alchemy Share and Stock Brokers Limited, Motilal Oswal Securities Ltd. and Motilal Oswal Asset Management Co. Ltd.
Mr. Ashish Agarwal Head Dealing and Fund Manager – Exchange Traded Funds	38	Bachelor of Commerce from University of Lucknow and PGDBM (Finance) from Institute of Management Technology, Ghaziabad and	Mr. Ashish Agrawal has over 12 years of experience as Sales Trader servicing FII/FPIs, Insurance companies and Mutual Funds in the Institutional Equities broking business across multiple organizations. Prior to joining Motilal Oswal Asset Management Company Ltd., he was Vice President - Sales Trader at Citigroup Global Markets Ltd. Earlier, he has worked as an Associate Director with RBS Equities India Limited between 2009-10 and worked as Senior Manager - Institutional Equities, with Edelweiss Capital between 2005 to 2009.
Mr. Swapnil Mayekar Fund Manager – Exchange Traded Funds and Foreign Securities	32	MCOM from Mumbai university and Advanced Diploma in Business Administration from Welingkar,	Mr. Swapnil Mayekar has rich experience in the field of Research. He had earlier worked with organization like Business Standard Limited where he was primarily responsible for research on Banking Sector, Mutual Fund, Debt market, International and Indian Stock Market using valuation models. He is associ-

		Mumbai	ated with Motilal Oswal Asset Management Company Limited since March 2010 where his primarily role is to develop model structure, to perform portfolio assessments on a periodic basis for investment strategies & models and analysis of Exchange Traded Funds, Mutual fund scheme and stocks.
Mr. Abhiroop Mukherjee Fund Manager - Fixed Income	35	B.com and PGPBF (Finance)	Mr. Abhiroop Mukherjee has an experience of 10 years in trading in Government Securities, Treasury Bills & Corporate bonds. His last assignment was with PNB Gilts Ltd., Mumbai as Assistant Vice President –Fixed Income Securities.
Mr. Aditya Makharia Head - Research	38	Chartered Accountant and M.com.	Mr. Aditya Makharia has over 13 years of experience in many organisations across the Financial Services Industry. He started his career at Motilal Oswal in 2003 and his last assignment was with JP Morgan India Pvt. Ltd. as the Vice – President – Institutional Equities where he worked as a Research Analyst tracking multiple sectors.
Ms. Aparna Karmase Head- Compliance, Legal, Secretarial and Risk	39	B.Com, C.S., LL.B	Ms. Aparna Karmase has extensive experience of more than 16 years in asset management industry in the field of Compliance, Company Secretary, Legal and Risk management across the tenure. Prior to this assignment, she was Sr. Vice President – Compliance with Invesco Asset Management (India) Private Ltd. Ms. Karmase was also been associated with BNP Paribas Asset Management India Private Ltd. and Prudential ICICI Asset Management Company Ltd.
Mr. Akhil Chaturvedi Head - Sales & Distribution	39	MBA (Marketing) and Master of Arts (Accounts and Finance) from University of Leeds, United Kingdom	Mr. Chaturvedi has more than 17 years of rich experience in sales, distribution, client advisory (Wealth management) and business development from companies such as Birla Sun Life Asset Management Ltd., Global Finance Ltd and Daiwa Asset Management Pvt. Ltd. His last assignment was with Daiwa As-

			set Management Pvt. Ltd. as Head-Retail Sales where he was responsible for sales, distribution and preparation of business plan and strategies for launch of Mutual Fund Schemes.
Mr. Nilesh Chonkar Head - Operations	40	MCOM and Masters in Finance Management from Mumbai university	Mr. Nilesh Chonkar has 17 years of experience in the field of Capital Market Operations, Asset Management / Mutual Fund and Portfolio Management Service (PMS) Operations, His last assignment was with AIG/ PineBridge Investments, wherein he was designated as Head Operations, Investor Relations Officer. He has also worked for leading organizations like Principal Financial Group, J P Morgan Chase Bank and Reliance Capital AMC.

Recording of Investment Decisions

The Fund Managers of the Scheme(s) are responsible for making buy / sell decisions in respect of the securities in the Scheme's portfolio. It is the responsibility of the AMC to ensure that the investments are made as per the internal / Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the Scheme. The investment decisions will be taken for the Schemes keeping in view the market conditions and all the relevant aspects. Where an investment is proposed to be made for the first time in any scrip/security issued by a company, this will be preceded by making a research report justifying such investment by a member of the investment management team. The AMC will review all the investments made by the Schemes. The investment decisions of the Schemes will be carried out by the designated fund manager under the supervision of the Chief Executive Officer wherever applicable. All investment decisions of the Scheme will be recorded in accordance with SEBI Regulations. The Fund may follow internal guidelines approved by the Board of AMC and Trustees from time to time. Internal guidelines shall be subject to change and may be amended from time to time and such amendments will be approved by the Board of AMC and Trustees.

Review of performance of Scheme(s) by Board of AMC and Trustees

A detailed review of the Schemes of the Fund will be placed before the Board of Directors of AMC and the Trustee on a periodical basis. The review will contain information about the inflow in the Schemes, outflow/redemption from the Schemes and the performance of the Schemes. The Board of AMC and Trustee will review the performance of the Schemes vis-à-vis the benchmark. The Trustee reserves the right to change the benchmark for evaluation of performance of the Schemes from time to time in conformity with investment objective of the Schemes and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.

E. SERVICE PROVIDERS

Service Provider	Name	Address	SEBI Registration Number
Custodian	Citi Bank N.A.	Trent House, 3 rd Floor, G-60, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	IN/CUS/004
Registrar / Transfer Agent / Dividend Paying Agent*	Karvy Computershare Pvt. Ltd.	Karvy Registry House, H. No. 8-2-596, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034	INR 000000221
Statutory Auditor	N. M. Raiji & Co.	Universal Insurance Building, Sir P.M. Road, Fort, Mumbai - 400001	Not Applicable
Legal Counsel	There is no retained legal counsel to the Mutual Fund/AMC. However, the AMC uses the services of renowned legal counsel, if need arises.		Not Applicable
Fund Accountant	Citi Bank N.A.	Trent House, 3 rd Floor, G-60, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	IN/CUS/004
Collecting Banker	During the New Fund Offer of the Scheme, the AMC shall appoint banks(s) registered with SEBI as Collecting Banker(s) to accept the applications for investment into the Scheme on such terms and conditions as may be decided by the AMC from time to time. The list of the Collecting Bankers will be disclosed in the SID as and when the Schemes are launched.		Not Applicable

*The Board of Trustees and AMC have satisfied themselves, after undertaking appropriate due diligence, that Karvy Computershare Pvt. Ltd. has adequate capacity to discharge responsibility with regard to processing of applications, dispatch of Account Statement/redemption proceeds to unit holders etc. within the prescribed time limit as per SEBI Regulations and also sufficient capacity to handle the investors complaints.

F. CONDENSED FINANCIAL INFORMATION

1) Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)

Historical Per Unit Statistics	MOST Shares M50					
Date of Allotment	July 28, 2010					
	April 1, 2014	to	April 1, 2015	to	April 1, 2016	to

	March 31, 2015	March 31, 2016	March 31, 2017
NAV at the beginning of the year (as on April 1)	65.9873	82.0804	74.1405
Dividends	Nil	Nil	Nil
NAV at the end of the year (as on March 31)	81.1797	74.3854	88.1395
Annualised return* (Growth option) (%)	23.02	(9.37)	18.88
Net Assets end of period (Rs. Crs.)	27.60	22.69	20.71
Ratio of Recurring Expenses to net assets	1.33	1.01	1.31

* Only for growth option. Past performance may or may not be sustained in future.

2) Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)

Historical Per Unit Statistics	MOST Shares Midcap 100		
Date of Allotment	January 31, 2011		
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
NAV at the beginning of the year (as on April 1)	8.9116	13.6804	13.3794
Dividends	Nil	Nil	Nil
NAV at the end of the year (as on March 31)	13.5217	13.3385	17.8818
Annualised return* (Growth option) (%)	51.73	(2.50)	33.65
Net Assets end of period (Rs. Crs.)	156.89	36.05	27.32
Ratio of Recurring Expenses to net assets (%)	1.00	1.00	1.27

* Only for growth option. Past performance may or may not be sustained in future.

3) Motilal Oswal MOST NASDAQ-100 ETF (MOST shares Nasdaq 100)

Historical Per Unit Statistics	MOST Shares Nasdaq 100		
Date of Allotment	March 29, 2011		
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
NAV at the beginning of the year (as on April 1)	215.1732	269.9325	295.2060
Dividends	Nil	Nil	Nil
NAV at the end of the year (as on March 31)	273.7202	296.2989	349.4604
Annualised return* (Growth option) (%)	27.21	9.77	18.38
Net Assets end of period (Rs. Crs.)	68.67	77.27	72.08
Ratio of Recurring Expenses to net assets (%)	1.00	1.03	1.35

*Only for growth option. Past performance may or may not be sustained in future.

4) Motilal Oswal MOST Focused 25 Fund (MOST Focused 25)

Historical Per Unit Statistics	MOST Focused 25
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Date of Allotment	May 13, 2013					
	April 1, 2014 to March 31, 2015		April 1, 2015 to March 31, 2016		April 1, 2016 to March 31, 2017	
	Regu- lar Plan	Direct Plan	Regu- lar Plan	Direct Plan	Regu- lar Plan	Direct Plan
NAV at the beginning of the year (as on April 1)	11.0342	11.1884	16.3405	16.8166	14.6357	15.257
Dividends	1.0900	1.1200	1.0000	1.0000	0.5000	0.5000
NAV at the end of the year (as on March 31)	16.1589	16.629	14.605	15.2244	18.6180	19.6718
Annualised return* (Growth option) (%)	46.44	48.63	(10.62)	(9.47)	27.21	28.94
Net Assets end of period (Rs. Crs.)	159.55	110.60	278.01	100.84	442.89	51.97
Ratio of Recurring Expenses to net assets (%)	2.79	1.32	2.94	1.65	2.96	1.61

* Only for growth option. Past performance may or may not be sustained in future.

5) Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)

Historical Per Unit Statistics Date of Allotment	MOST Focused Midcap 30 February 24, 2014					
	April 1, 2014 to March 31, 2015		April 1, 2015 to March 31, 2016		April 1, 2016 to March 31, 2017	
	Regu- lar Plan	Di- rect Plan	Regu- lar Plan	Di- rect Plan	Regu- lar Plan	Di- rect Plan
NAV at the beginning of the year (as on April 1)	10.6173	10.6281	19.8123	20.0812	19.0502	19.5414
Dividends	1.0000	1.0000	1.0000	1.0000	0.4751	0.4800
NAV at the end of the year (as on March 31)	19.4655	19.729	19.0768	19.568	24.2406	25.1743
Annualised return* (Growth option) (%)	83.34	85.63	(3.71)	(2.56)	27.25	28.83
Net Assets end of period (Rs. Crs.)	214.13	191.39	549.41	368.57	786.08	518.94
Ratio of Recurring Expenses to net assets (%)	2.68	1.23	2.83	1.62	2.80	1.57

* Only for growth option. Past performance may or may not be sustained in future.

6) Motilal Oswal MOST Ultra Short Term Bond Fund (MOST Ultra Short Term Bond Fund)

Historical Per Unit Statistics Date of Allotment	MOST Ultra Short Term Bond Fund September 6, 2013					
	April 1, 2014 to March 31, 2015		April 1, 2015 to March 31, 2016		April 1, 2016 to March 31, 2017	
	Regu- lar	Di- rect	Regu- lar	Di- rect	Regu- lar	Di- rect

	Plan	Plan	Plan	Plan	Plan	Plan
NAV at the beginning of the year (as on April 1)	10.4657	10.5107	11.2344	11.3678	11.9602	12.1573
Dividends	3.8083	1.1875	3.1381	2.7275	3.9163	4.2271
NAV at the end of the year (as on March 31)	11.2324	11.3655	11.9576	12.1545	12.6959	12.9650
Annualised return* (Growth option)						
Net Assets end of period (Rs. Crs.)	32.5	7.37	134.73	81.47	270.98	25.48
Ratio of Recurring Expenses to net assets	1.26	0.51	1.00	0.55	1.00	0.75

* Only for growth option. Past performance may or may not be sustained in future.

7) Motilal Oswal MOST Focused Multicap 35 Fund (MOST Focused Multicap 35)

Historical Per Unit Statistics	MOST Focused Multicap 35					
Date of Allotment	April 28, 2014					
	April 28, 2014 to March 31, 2015		April 1, 2015 to March 31, 2016		April 1, 2016 to March 31, 2017	
	Reg-ular Plan	Di-rect Plan	Reg-ular Plan	Direct Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 1)	10	10	17.2504	17.4538	16.5565	16.8928
Dividends	Nil	Nil	Nil	Nil	Nil	Nil
NAV at the end of the year (as on March 31)	17.0181	17.2181	16.5962	16.9329	22.7704	23.4327
Annualised return* (Growth option) (%)	70.18	72.18	(3.79)	(2.98)	37.53	38.71
Net Assets end of period (Rs. Crs.)	587.07	797.38	1,897.60	1,396.73	3,618.98	2,365.18
Ratio of Recurring Expenses to net assets (%)	2.35	0.97	2.46	1.63	2.46	1.60

*Only for growth option. Past performance may or may not be sustained in future.

8) Motilal Oswal MOST Focused Long Term Fund (MOST Focused Long Term)

Historical Per Unit Statistics	MOST Focused Long Term					
Date of Allotment	January 21, 2015					
	January 21, 2015 to March 31, 2015		April 1, 2015 to March 31, 2016		April 1, 2016 to March 31, 2017	
	Reg-ular Plan	Di-rect Plan	Reg-ular Plan	Direct Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 1)	10	10	10.8422	10.8631	10.5804	10.7504
Dividends	Nil	Nil	Nil	Nil	0.5000	0.5000
NAV at the end of the year (as on March 31)	10.7054	10.7258	10.6042	10.7742	14.7884	15.2563
Annualised return* (Growth option)	7.05	7.26	(2.19)	(0.82)	39.77	41.91
Net Assets end of period (Rs. Crs.)	33.47	1.55	116.95	6.36	354.03	29.61

Ratio of Recurring Expenses to net assets	2.83	1.62	3.24	1.77	3.17	1.66
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* Only for growth option. Past performance may or may not be sustained in future

9) Motilal Oswal MOST Focused Dynamic Equity Fund (MOST Focused Dynamic Equity)

Historical Per Unit Statistics	MOST Focused Dynamic Equity	
Date of Allotment	September 27, 2016	
	September 27, 2016 to March 31, 2017	
	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 1)	10	10
Dividends	Nil	Nil
NAV at the end of the year (as on March 31)	10.7508	10.8237
Annualised return* (Growth option) (%)	7.50	8.20
Net Assets end of period (Rs. Crs.)	546.53	32.82
Ratio of Recurring Expenses to net assets (%)	2.88	1.51

* Only for growth option. Past performance may or may not be sustained in future

II. HOW TO APPLY

This section must be read in conjunction with the Section “Units and Offer” of the SID.

A. PURCHASE

- 1) New Investors can purchase units by using an Application Form or through such other modes as may be offered by the AMC, subject to KYC and various requirements and documents, as may be required by AMC from time to time. Existing unit holders may use the form attached to the bottom of their account statement i.e. Transaction Slip, or use a Common Application Form or through such other modes as may be offered by the AMC.
- 2) The Forms shall be available and accepted at the office of Investor Service Center, Official Point of Acceptance of Transaction, Distributors, at the registered and corporate office of the AMC and the office of the Registrar during the business hours. The same can also be downloaded from the website of the Mutual Fund, www.motilaloswalmf.com and www.mostshares.com and from website of Registrar <https://www.karvymfs.com/>.
- 3) Applications (both direct application and application routed through Distributor) complete in all respects along with the cheque / pay order / demand draft / other payment instruction should be submitted at the Investor Service Center, Official Point of Acceptance of Transaction, at the registered and corporate office of the AMC and the office of the Registrar during their Business Hours on their respective Business Days.
- 4) **Application for Exchange Traded Funds (ETFs):**
For procedure on subscription/redemption of ETFs against the exchange of portfolio deposits/cash components directly with the Fund, please refer to Scheme Information Document(s) of respective ETFs of Motilal Oswal Mutual Fund.

- 5) Investments through distributors: Pursuant to SEBI circular vide reference no. CIR/IMD/DF/21/2012 dated September 13, 2012, it is mandatory to mention Employee Unique Identification Number ('EUIN') of individual ARN holder or of employee/relationship manager/sale person of the Distributor in the application form if the investments are routed through a Distributor. EUIN is allotted by AMFI and mentioning EUIN would assist in addressing instances of mis-selling. If there is no interaction by the employees / sales person / relationship manager of the distributor / sub-distributor w.r.t. transaction, then the EUIN box may be left blank, but it would be mandatory for the investor to provide confirmation as mentioned in the application form.
- 6) The cheque / pay order / bank draft must be drawn in favour of specific scheme/plan/option and crossed "A/c Payee only". A separate cheque / pay order /demand draft must accompany each application. Investors must use separate application forms for investing simultaneously in more than one plan and option of the scheme subject to the minimum subscription requirements under each Plan. Cheque / pay order / demand draft accompanying the application form should contain the application form number / folio number and name of the first investor on its reverse.
- 7) In order to protect the interest of Investors from fraudulent encashment of cheques, it is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar / AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
- 8) The duly completed application form can be submitted at any of the official points of acceptance of transactions. The official point of acceptance of transaction will stamp, and return the acknowledgement slip in the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be provided. Investors should retain the acknowledgement evidencing submission of the transaction till they receive a confirmation of acceptance or rejection of transaction.
- 9) The AMC/Registrar may open or close offices or change address of an office from time to time. Investors may obtain latest addresses of Official Points of Acceptance of Transactions from the relevant SID or by calling the AMC/Registrar or available on the website of the Mutual Fund or from the website of registrar <https://www.karvymfs.com/karvy/GeneralPages/locateUs.aspx?frm=cu>. Investors are requested to note that no transaction shall be accepted on a day which is a public and /or bank holiday or local holiday at an Investor Service Centre/ Official Points of Acceptance of Transaction.

OTHER MODES OF TRANSACTION

1) Online facility:

This facility enables the investors to transact online through the official website <https://www.motilaloswalmf.com/investonline>. Accordingly, the said website will also be

considered as an official point of acceptance. Investors can execute transactions online for purchase, switch, Systematic Investment Plan (SIP), Systematic Transfer Plan and Redemption for units of schemes of Motilal Oswal Mutual Fund and other services as may be introduced by Motilal Oswal Mutual Fund from time to time.

2) Transaction through Stock Exchange Mechanism:

Mutual Fund also offers facility of transacting in the Units of the select Schemes/Plans/Options through the platforms as may be provided by Bombay Stock Exchange (BSE StAR MF) and National Stock Exchange (MFSS facility by NSE). Investors desirous of transacting through the stock exchange mode shall submit applications to registered stock brokers or distributors registered with NSE or BSE.

The facility of transacting through the stock exchange mechanism enables investors to buy and sell the Units of the Scheme(s) through the stock brokers or distributors registered with the BSE and/or NSE in accordance with the guidelines issued by SEBI and operating guidelines and directives issued by NSE, BSE or such other recognized stock exchange in this regard. Investors desirous of transacting through the stock exchange mode may be required to have a demat account with NSDL/CDSL.

The Mutual Fund will not accept any request for transactions or service requests in respect of Units bought under this facility in demat mode directly.

The AMC/Fund will not send any account statement in respect of Units bought in demat mode or accept any request for statement as the units will be credited in demat account of the investor and their DPs should be approached for issuance of statement. Investors may note that the facility of transacting through the stock exchange mode is currently being offered only for select schemes of the Mutual Fund.

For any grievances with respect to transactions through stock exchange mechanism, Investors must approach either stock broker or the investor grievances cell of the respective stock exchange. The Fund or the AMC will not be liable for any transactions processed based on the transaction details provided by the stock exchanges.

3) Application through MF utility platform

Motilal Oswal Asset Management Company Limited (MOAMC) has entered into an agreement with **MF Utilities India Private Limited (“MFUI”)**, a “Category II – Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of **MF Utility (“MFU”)** - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.

Accordingly, all financial and non-financial transactions pertaining to the schemes of Motilal Oswal Mutual Fund except Exchange Traded Funds (ETFs) can be done through MFU either electronically on www.mfonline.com as and when such a facility is made available by MFUI or physically through the authorized **Points of Service (“POS”)** of

MFUI with effect from the respective dates as published on MFUI website against the POS locations. The list of POS of MFUI is published on the website of MFUI at www.mfuindia.com as may be updated from time to time. The Online Transaction Portal of MFU i.e. www.mfuonline.com and the POS locations of MFUI will be in addition to the existing Official Points of Acceptance (“OPA”) of Motilal Oswal Mutual Fund.

The uniform cut-off time as prescribed under SEBI (Mutual Funds) Regulations, 1996 and as mentioned in the Scheme Information Document (SID) / Key Information Memorandum (KIM) of respective schemes of Motilal Oswal Mutual Fund shall be applicable for applications received on the portal of MFUI i.e. www.mfuonline.com. However, investors should note that transactions on the MFUI portal shall be subject to the eligibility of the investors, any terms & conditions as stipulated by MFUI / Motilal Oswal Mutual Fund / MOAMC from time to time and any law for the time being in force.

Investors are requested to note that, MFUI will allot a **Common Account Number (“CAN”)**, a single reference number for all investments in the Mutual Fund industry, for transacting in eligible schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. MOAMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU. Investors are requested to visit the websites of MFUI i.e. www.mfuindia.com to download the relevant forms.

For any queries or clarifications related to MFU, please contact the Customer Care of MFUI on 1800-266-1415 (during the business hours on all days except Sunday and Public Holidays) or send an email to clientservices@mfuindia.com.

4) Transaction through electronic mode

Subject to the investor fulfilling certain terms and conditions stipulated by the AMC as under, MOAMC, MOMF or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode (“fax/web/ electronic transactions”) as permitted by SEBI or other regulatory authorities :

- a) The acceptance of the fax/web/electronic transactions will be solely at the risk of the transmitter of the fax/web/ electronic transactions and the recipient shall not in any way be liable or responsible for any loss, damage caused to the transmitter directly or indirectly, as a result of the transmitter sending or purporting to send such transactions.
- b) The recipient will also not be liable in the case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the recipient.
- c) The transmitter's request to the recipient to act on any fax/web/electronic transmission is for the transmitter's convenience and the recipient is not obliged or bound to act on the same.

- d) The transmitter acknowledges that fax/web/electronic transactions is not a secure means of giving instructions/ transactions requests and that the transmitter is aware of the risks involved including those arising out of such transmission.
- e) The transmitter authorizes the recipient to accept and act on any fax/web/ electronic transmission which the recipient believes in good faith to be given by the transmitter and the recipient shall be entitled to treat any such fax/web/ electronic transaction as if the same was given to the recipient under the transmitter's original signature.
- f) The transmitter agrees that security procedures adopted by the recipient may include signature verification, telephone call backs which may be recorded by tape recording device and the transmitter consents to such recording and agrees to cooperate with the recipient to enable confirmation of such fax/web/ electronic transaction requests.
- g) The transmitter accepts that the fax/web/ electronic transactions shall not be considered until time stamped as a valid transaction request in the Scheme in line with SEBI Regulations. It would be considered as a final document as against the original document submitted subsequently for the purpose of records.
- h) In consideration of the recipient from time to time accepting and at its sole discretion acting on any fax/ web/electronic transaction request received / purporting to be received from the transmitter, the transmitter agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, MOMF and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on fax/web/ electronic transaction requests including relying upon such fax/ electronic transaction requests purporting to come from the Transmitter even though it may not come from the Transmitter. The AMC reserves the right to discontinue the facility at any point of time

5) Application under Power of Attorney/ non-individual investor

In case of an application under a Power of Attorney or by a limited company or a body corporate or a registered society or a trust or any other non-individual investor, the original power of attorney or the certified copy containing the signature of both the applicant and the constituted attorney duly notarised or the relevant resolution or authority to make the application as the case may be or duly certified copy thereof along with a certified copy of memorandum and articles of association and/or bye-laws must be lodged along with the application form and a separate set of all the documents be submitted to the Collection Centres/Registrars.

Note: The AMC, at its discretion at a later date, may choose to alter or add other modes of payment.

MODES OF PAYMENT

1) For Resident Investors:

- a) Investors having a bank account with such banks with whom the AMC will have an arrangement from time to time, can make payment towards subscription to the units of the Schemes either by issuing a cheque drawn on such bank or by giving debit instruction to their account with any branch of such banks with whom the AMC would have arrangement from time to time.
- b) Electronic Funds Transfer (EFT) over the internet or by way of direct credit/ RTGS/NEFT/ECS/bank transfer to designated scheme collection account by clearly mentioning the name of the investor and application number in the remark. An application for purchase for which payment is made by RTGS, NEFT, ECS, bank transfer, etc., must be accompanied by a copy of the instruction to the bank stating the account number debited. The account number mentioned in the instruction for the transfer to the bank should be a pre-registered bank account or the first named investor/unitholder should be one of the account holders of the bank account from which the instructions for fund transfer has been provided.
- c) Where the application is accompanied by a Pay Order, Demand Draft, Banker's cheque, etc., a Certificate (in original) from the Issuing banker must accompany the application, stating the Account holder's name and the Account number which has been debited for issue of the instrument. This Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The account number mentioned in the Certificate should be a registered bank account or the first named investor/ unitholder should be one of the account holders of such bank account.
- d) An application for purchase which is accompanied by pre-funded instrument issued by the Bank against Cash shall be accepted for investments less than Rs. 50,000/-. The investor shall submit a Certificate (in original) from the banker giving name, address and PAN (if available) of the person who has requested for the demand draft. This Certificate should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.
- e) Through NACH Facility:
The investors can now make payment of lumpsum investment or SIP instalments through NACH facility. NACH is a centralized system, launched by National Payments Corporation of India (NPCI) with an aim to consolidate multiple Electronic Clearing System (ECS) mandates.

Investors can avail of NACH facility by duly filling up and submitting the SIP Enrolment cum NACH /Auto Debit Mandate Form. A Unique number will be allotted to every mandate registered under NACH called as Unique Mandate Reference Number ("UMRN") which can be used for SIP transactions. The NACH facility shall be available subject to the terms and conditions contained in the Mandate Form and other guidelines as prescribed by NPCI from time to time.

- f) No cash, money orders, stock invests, outstation cheques, postdated cheques (except under the SIP facility, during continuous offer) and postal orders would be accepted. Bank charges for out-station demand drafts (as defined herein) will have to be borne by the Investor. An out-station demand draft has, for this purpose, been defined as a demand draft issued by a bank in a place where there is no collection centre provided for the investors. The Fund will not entertain any requests for refund of demand draft charges.

Investors/unit holders are requested to take note of the following:

- a) Returned cheques will not be presented again for collection and the accompanying application forms shall not be considered for allotment. In case the returned cheque(s) are presented again the necessary charges are liable to be debited to the investor.
- b) Any request for withdrawal of application made during the New Fund Offer period will be treated as redemption request and shall be processed at the redemption price on the first day after the scheme opens for subscription and redemption on an ongoing basis after the close of New Fund Offer.
- c) Where the application for purchase is accompanied by a cheque then the investor/unitholder at the time of their purchase must provide the details of their pay-in bank account (i.e. account from which a subscription payment is made) and their pay-out bank account (i.e. account into which redemption/dividend proceeds are to be paid).
- d) It is expressly understood that at the time of investment, the Investor has the express authority to invest in units of MF and AMC/Trustee/MF will not be responsible, if such investment is ultravires the relevant constitution.

The above broadly covers the various modes of payment for mutual fund subscriptions. Any other mode of payment as introduced by Mutual Fund will also be covered under these provisions and the Mutual Fund/AMC reserves the right to change/alter the above provisions.

The Mutual Fund/AMC reserves the right at its absolute discretion to reject/not process the application which does not comply with the above provisions and refund the application money and shall not be liable in any manner whatsoever for such rejections.

2) Subscription by NRIs/PIOs/FIIs/FPIs

Reserve Bank of India has granted general permission to domestic mutual funds referred to in Clause (23D) of Section 10 of the Income Tax Act, 1961 to issue units and repurchase units of their Schemes which are approved by the SEBI to Non Resident Indians and Persons of Indian Origin residing abroad (NRIs) / Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) to invest in / redeem units of the mutual funds subject to conditions set out in the said regulations [Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000] at their places of residence or location as the case may be.

3) Repatriation basis

NRI/PIO applications on a repatriation basis will be accepted, if the amount representing the investment is received by inward remittance through normal banking channels or by debit to Non-Resident (External) Rupee Account (NRE)/Foreign Currency (Non-Resident) Account (FCNR) maintained with the authorized dealer.

FII's/FPIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-Resident Rupee Account maintained by the FII/FPI with a designated branch of an authorized dealer. The application must provide the FII's Special Non Resident Rupee Deposit Account details maintained with any one of the RBI designated banks.

4) Non-Repatriation basis

In case of NRIs/PIOs seeking to apply on a non-repatriation basis, payment may be made by inward remittance through normal banking channels or by debit to the NRE/FCNR/Non-Resident Ordinary Rupee (NRO) account maintained with the authorized dealer.

All cheques/drafts accompanying applications for repatriation or non-repatriation basis should be made and crossed "Account Payee Only". In case Indian Rupee drafts are purchased abroad or from FCNR/NRE A/c, an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

FII's/FPIs are not allowed to invest on non-repatriable basis.

5) Cash Investments in mutual funds:

In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/ businessmen/ workers, SEBI has permitted receipt of cash transactions for fresh purchases/ additional purchases to the extent of 50,000/- per investor, per financial year shall be allowed subject to:

- a. compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and
- b. sufficient systems and procedures in place.

However, payment towards redemptions, dividend, etc. with respect to aforementioned investments shall be paid only through banking channel.

The Fund/ AMC is currently in the process of setting up appropriate systems and procedures for the said purpose. Appropriate notice shall be displayed on its website viz. as well as at the Investor Service Centers, once the facility is made available to the investors.

6) Additional mode of payment through Applications Supported by Blocked Amount (“ASBA”) (only applicable during New Fund Offer)

In terms of SEBI circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, an investor can subscribe to the New Fund Offer (NFO) of Mutual Fund launched on or after July 1, 2010, through the ASBA facility by applying for the units offered by the Schemes in the ASBA application form and following the procedure as prescribed therein.

“Applications Supported by Blocked Amount” or “ASBA” is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Schemes of Motilal Oswal Mutual Fund. If an investor is applying through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if application of the investor is selected for allotment of Units.

Investors under ASBA can also subscribe to NFO of the Schemes by making physical or electronic application through Self Certified Syndicate Bank (“SCSB”) for utilising ASBA facility.

Benefits of Applying through ASBA facility:

- The Investor need not issue a cheque of a demand draft, as the investor needs to submit the ASBA application form accompanying an authorization to block the account to the extent of application money towards subscription of units in the NFO. The investor can use the balance money, if any, for other purposes.
- Release/unblocking of blocked funds after allotment is done instantaneously.
- As the application amount remains in the investor’s bank account, the investor continues to earn interest till the allotment is made, when an application is made under ASBA facility
- Refunds of money to the investors do not arise as the application money towards subscription of units is debited only on the allotment of units.

ASBA Procedure

- 1) An investor intending to subscribe to the units during NFO through ASBA facility shall submit a duly completed ASBA application form to a SCSB with whom such investor’s bank account is maintained.
- 2) The ASBA Application Form towards the subscription of units can be submitted through one of the following modes:
 - submit the form physically with the Designated Branches (DBs) of SCSB (“Physical ASBA”); or
 - submit the form electronically through the internet banking facility offered by the SCSB (“Electronic ASBA”).
- 3) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner, that the investors will be allotted the units he has applied for.
- 4) Note: The application would be rejected by the Bank, if the bank account specified in the ASBA application form does not have sufficient credit balance to meet the application money towards the subscription of units in the NFO.

- 5) On acceptance of physical or electronic ASBA, the SCSB shall block funds available in the specified bank account to the extent of application money specified in ASBA application Form.
- 6) Application money towards the subscription of units shall be blocked in the account until (i) allotment of units is made or (ii) the application is rejected.
- 7) SCSBs shall unblock the bank accounts for (i) transfer of requisite money to the Mutual Fund / scheme bank account against each valid application on allotment or (ii) in case the application is rejected.
- 8) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in) and shall also be given in the ASBA application form.

Grounds for Technical Rejections of ASBA application forms

ASBA application forms can be rejected, at the discretion of Registrar and Transfer Agent of Motilal Oswal Mutual Fund or AMC or SCSBs including but not limited on the following grounds:-

- 1) Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
- 2) Mode of ASBA i.e. either physical ASBA or electronic ASBA is not selected or ticked.
- 3) ASBA application form without the stamp of the SCSB.
- 4) Application by any person outside India if not in compliance with applicable foreign and Indian laws.
- 5) Bank account details not given/incorrect details given.
- 6) Duly certified Power of Attorney, if applicable, not submitted along with the ASBA application form.
- 7) No corresponding records available with the Depositories matching the parameters namely (a) Names of the ASBA applicants (including the order of names of joint holders) (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository account.

Mechanism for Redressal of Investor Grievances:

All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving complete details such as name & address of the applicant, number of units applied for, counter-foil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the Designated Branch or the collection centre of the SCSB where the application form was submitted.

If the SCSB has not resolved the grievance, investors should write to Karvy Computershare Pvt. Ltd. (Karvy), Hyderabad, Registrar and Transfer Agent of Motilal Oswal Mutual Fund.

NON-ACCEPTANCE OF THIRD PARTY PAYMENTS

Third Party Payment” refers to payment made from a bank account other than that of the first unitholder/applicant. For a payment to be not considered as a third party payment, the sole holder or the 1st holder of the folio (depending upon whether the folio is ‘singly’ or ‘jointly’ held) must be one of the joint holders of the bank account from which payment is made.

In accordance with PMLA and AMFI guidelines dated August 16, 2010 on 'Risk mitigation process against Third-Party Cheques in mutual fund subscriptions', applications to schemes of the Fund accompanied by a Third Party payment will be rejected except in the following exceptional circumstances, subject to submission of documents and declarations:

1. Payment by Parents/Grand-Parents/related persons* for investment made on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000/- (each regular purchase or per SIP installment).
2. Payment by Employer on behalf of employee under Systematic Investment Plans through Payroll deductions.
3. Custodian on behalf of a Foreign Institutional Investor (FII) or a Client.
4. Payment by Asset Management Company to a Distributor empanelled with it on account of commission/incentive etc. in the form of the Mutual Fund Units of the Funds managed by such AMC through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.
5. Payment by Corporate to its Agent/Distributor/Dealer (similar arrangement with Principal-agent relationship), on account of commission/incentive payable for sale of its goods/services, in the form of the Mutual Fund Units through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.

* 'Related Persons' means any person investing on behalf of minor in consideration of natural love or affection or as a gift.

In case of exceptions mentioned above, the investors will be required to comply with the following requirements:

- i) Mandatory Know Your Client (KYC) for Investor (guardian in case of minor) and the person making the payment i.e. KYC Acknowledgement Letter of the Investor and the person making the payment has to be attached to the application form.
- ii) A duly filled "Third Party Payment Declaration Form" from the Investor (guardian in case of minor) and the person making the payment stating the details of the bank account from which the payment is made and the relationship with the Investor.

To substantiate that the payment is not a third party payment i.e. the payment is not from a bank account where the first unit holder is not a bank account holder, investors must mention the bank account number, bank name and branch address from where the payment is issued on the application form. These details should match with the details on payment cheque/ document (as applicable).

In case the bank account holder's name/s is not pre-printed on the payment instrument, investor should attach latest and certified bank pass book copy/bank statement or letter from bank certifying that the investor maintains the account with the bank, in order to substantiate that the first named Unit holder is one of the joint holders of the bank account.

The AMC reserves a right to reject the transaction or call for additional details, if payment bank account and other details are not mentioned in the application form and/or do not match with payment instrument and/or necessary documents/declaration are not attached or are insufficient. In case the funds are transferred to the Mutual Fund account prior to the application rejection, then amount transferred may not be refunded or redeemed unless the investor establishes KYC with additional documentation.

PMLA AND KYC REQUIREMENTS

KYC is mandatory under the Prevention of Money Laundering Act, 2002 (**PMLA**) for all investors irrespective of the amount of investment (including Switch, transfer of units, minor to major status change & Systematic Investment Plan/Systematic Transfer Plan registered). SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 05, 2011 issued guidelines for uniform KYC requirements for investors while opening accounts with any intermediary in the securities market (w.e.f January 01, 2012). In order to bring this into effect, SEBI has appointed KYC Registration Agencies (KRA's) who will act as a central authority to maintain records of KYC compliant investors in the securities market. This is in order to avoid duplication of KYC process with every intermediary. As a result, once the client has done KYC with a SEBI registered intermediary, he/she need not undergo the same process again with another intermediary.

Further, PAN issued by the Income Tax authorities is used as the sole identification number for all investors transacting in the securities market including mutual funds, irrespective of the amount of transaction. Thus, all investors (including resident and non-resident investors) are required to provide PAN, along with a certified* copy of the PAN card for all transactions in Units of the schemes of the Fund irrespective of the amount of transaction. Hence, it is mandatory for all investors (including joint holders, guardians of minors and NRIs) to mention the PAN on the application form. In the absence of this, application will be rejected.

PAN will not be required in case of Systematic Investment Plans (SIPs) where aggregate of installments in a financial year i.e. April to March does not exceed Rs 50,000/- (hereafter referred to as - Micro Investments). This exemption will be applicable only to investments by individuals, Non Resident Indian. Accordingly, w.e.f February 11, 2013, where the aggregate of the lump sum investment (fresh & additional purchase) and micro SIP installments by an investor based on the rolling 12 month period/in a financial year i.e. April to March does not exceed Rs. 50,000/-. It shall be exempt from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory.

Requirements of Know Your Customer (KYC) shall be mandatory. Accordingly, investors seeking the above exemption for PAN still need to submit the PAN exempt issued by SEBI registered KRA (KYC Registration Authority), irrespective of the amount of investment. For the purpose of identifying Micro Investments, the value of investments at the Investor level (first holder) will be aggregated based on the unique ID number mentioned on the KYC Acknowledgment and such aggregation shall be done irrespective of the number of folios/ accounts under all the schemes of the fund which the investor had invested. This exemption will be available only to Micro investment made by the individuals being Indian citizens (including NRIs, Joint holders*, minors acting through guardian and sole proprietary firms not having PAN). Person of Indian Origin (PIO),

Hindu Undivided Family (HUF), Qualified Foreign Investor (QFI) and other categories of investors will not be eligible for this exemption. However, investors are required to furnish an attested copy (self attested / attested by an AMFI registered distributor bearing its AMFI Registration Number) of any of the photo identification documents along with the proof of address as specified in the application form. PAN requirement is also exempt for investors residing in the state of Sikkim, Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government). However, this would be subject to verifying the veracity of the claim of the specified organizations or residents of Sikkim, by collecting sufficient documentary evidence in support of their claim for such an exemption. Please refer to the application form for details of the document(s) which are required to be submitted in such cases.

* In case of joint holders, first holder must not possess a PAN.

The Detailed procedures/requirements for accepting PAN exempt investments shall be as specified by the AMC / Trustee from time to time and their decision in this behalf will be final and binding.

Uniform implementation of KYC requirements

AMFI Vide its Best Practice Guidelines Circular No. 62/ 2015-2016 dated September 18, 2015 captioned Uniform implementation of KYC requirements to overcome KYC related issues, has mandated the following:

- a. To mandatorily provide the Ultimate Beneficial Ownership declaration/information failing which the application(s) for fresh or additional subscriptions/switches, as the case may be, shall be liable to be rejected.
- b. To mandatorily provide additional KYC information / details as prescribed in the Application Form.

Further, the AMC shall not accept any transactions (whether fresh or additional subscriptions / switches) pertaining to 'KYC-On Hold' cases, unless and until the Investors / Unitholders submit KYC missing information or updated information and / or complete IPV.

CKYC

SEBI vide circular no. CIR/MIRSD/ 66 /2016 dated July 21, 2016 read alongwith SEBI Circular no. CIR/MIRSD/120 /2016 dated November 10, 2016, has intimated about operationalisation of Central KYC Records Registry (CKYCR). Further, AMFI vide circular dated December 22, 2016 has prescribed new CKYC forms which shall be applicable for prospective customers.

Accordingly with effect from February 1, 2017, all new individual customers who have never done KYC under KRA (KYC Registration Agency) regime i.e., customers who are new to KRA system and whose KYC are not registered or verified in the KRA system shall be required to provide KYC Identification Number (KIN) generated from CKYCR system or submit CKYCR form. It may be noted that the requirement of PAN would continue to be mandatory for completing the CKYCR process. The forms are available on the website of the fund and at the official points of acceptance of transactions of the AMC. The KYC requirements shall be governed by SEBI Circulars/ notifications and AMFI Guidelines which may change from time to time.

Compliance with Foreign Accounts Tax Compliance Act (“FATCA”) / Common Reporting Standards (“CRS”)

Under the FATCA provisions of the US Hiring Incentives to Restore Employment (“HIRE”) Act, a withholding tax will be levied on certain US sourced income / receipt of the scheme unless it complies with various reporting requirements under FATCA. These provisions would be applicable in a phased manner as per the dates proposed by the US authorities. For complying with FATCA, the AMC/ the Fund will be required to undertake due diligence process and identify US reportable accounts and collect such information / documentary evidences of the US and / or non-US status of its investors / Unit holders and disclose such information as far as may be legally permitted about the holdings / investment. An investor / Unit holder will therefore be required to furnish such information to the AMC/ Fund to comply with the reporting requirements stated in the FATCA provisions and circulars issued by SEBI / AMFI / Income tax Authorities / such other Regulator in this regard.

India has joined the Multilateral Competent Authority Agreement on Automatic Exchange of Information (AEOI) for Common Reporting Standard (CRS). The CRS on AEOI requires the financial institution of the “source” jurisdiction to collect and report information to their tax authorities about account holders “resident” in other countries, such information having to be transmitted “automatically” annually. Accordingly, Income Tax Rules, 1962 were amended to provide legal basis for the reporting financial institution for maintaining and reporting information about the reportable accounts.

In accordance with the SEBI circular no. CIR/MIRSD/2/2015 dated August 26, 2015 and AMFI Best Practice guidelines no. 63/2015-16 dated September 18, 2015 with respect to uniform implementation of Foreign Accounts Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) and such other guidelines/notifications issued from time to time, all Investors/Unitholder will have to mandatorily provide the details and declaration pertaining to FATCA/CRS for all new accounts failing which the application will be liable to be rejected. For accounts opened between July 1, 2014 and October 31, 2015 and certain pre-existing accounts satisfying the specified criteria, the Unitholders need to submit the details/declarations as per FATCA/CRS provisions. In case the information/declaration is not received from the Unitholder within the stipulated time, the account shall be treated as reportable account.

Investors/Unitholders should consult their own tax advisors regarding the FATCA/CRS requirements with respect to their own situation and investment in the schemes of Motilal Oswal Mutual Fund.

Ultimate Beneficial Owner(s) (UBO(s)):

Pursuant to SEBI Master Circular no. CIR/ISD/AML/3/2010 dated December 31, 2010 on anti-money laundering standards and SEBI Circular no. CIR/MIRSD/2/2013 dated January 24, 2013 on identification of Beneficial Ownership, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) (“UBO(s)”) and submit proof of identity (viz. PAN with photograph or any other acceptable proof of identity prescribed in common KYC form) of UBO(s).

As per these guidelines, UBO means ‘Natural Person’, or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement. Investors are requested to refer to the ‘UBO Declaration’ for details of UBO.

In accordance with AMFI Best practices guidelines Circular no. 62/2015-16 dated September 18, 2015, it is mandatory for investors to provide beneficial ownership details failing which the transaction for additional subscription (including switches) will be liable to be rejected.

However, systematic transactions such as Systematic Investment Plan (SIP)/ Systematic Transfer Plan (STP) etc. already registered till December 31, 2015 are exempted from the above stipulations.

However, the investor or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, is exempted from the provisions of UBO.

B. SUSPENSION OF SALE/REDEMPTION/SWITCHING OPTIONS OF UNITS

The Trustee may decide to temporarily suspend determination of NAV of the Schemes and consequently sale/redemption/switch of units, in any of the following events:

- 1) When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Schemes are closed otherwise than for ordinary holidays.
- 2) When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Schemes are not reasonable or would not reasonably be practicable without being detrimental to the interests of Unit holders.
- 3) In the event of breakdown if the means of communication used for the valuation of investments of the Schemes without which the value of the securities of the Schemes cannot be accurately calculated.
- 4) During periods of extreme volatility of markets which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the Schemes.
- 5) In case of natural calamities, external aggression, internal disturbances, strikes, riots and bandhs.
- 6) In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar.
- 7) If so directed by SEBI.
- 8) In case of breach of limits for investment in derivatives as specified in SEBI Circulars or relevant Regulation.
- 9) In case of breach of limits for investment in foreign securities as specified in SEBI Circulars or relevant Regulation.

In the eventualities mentioned in points 1 to 7 above, the time limits indicated above, for processing of requests for purchase and redemption of Units will not be applicable. In case of even-

tuality mentioned in point 8 and 9 above, the Fund would suspend sale of units until such time the Schemes are able to comply with the relevant SEBI Regulations, Circulars & guidelines.

However the suspension or restriction of redemption facility under the Schemes shall be made applicable only after the approval from Board of Directors of the AMC and Trustee. Till the Regulations require, the approval from the Board of AMC and Trustee giving details of circumstances and justification for the proposed action will also be informed to SEBI in advance.

C. RIGHT TO LIMIT REDEMPTION

The Trustee may, in the general interest of the Unitholders of the Scheme and when considered appropriate to do so based on unforeseen circumstances/unusual market conditions, impose restriction on redemption of Units of the Schemes. The following requirements will be observed before imposing restriction on redemptions:

- a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
 - (i) **Liquidity issues** - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security. AMCs should have in place sound internal liquidity management tools for schemes. Restriction on redemption cannot be used as an ordinary tool in order to manage the liquidity of a scheme. Further, restriction on redemption due to illiquidity of a specific security in the portfolio of a scheme due to a poor investment decision shall not be allowed.
 - (ii) **Market failures, exchange closures** - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.
 - (iii) **Operational issues** - when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems
- b. Restriction on redemption may be imposed for a specific period of time not exceeding 10 working days in any 90 day period.
- c. Any such imposition requires specific approval of Board of AMCs and Trustees and the same shall be immediately informed to SEBI.
- d. When restriction on redemption is applied the following procedure shall be followed:
 - 1 Redemption requests upto Rs. 2 lakh will not be subject to such restriction.
 - 2 In case of redemption requests above Rs. 2 lakhs, the AMC shall redeem the first Rs. 2 lakhs without restriction and remaining part over above be subject to such restriction.

III. RIGHTS OF UNITHOLDERS OF THE SCHEME

- 1) Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
- 2) When the Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as redemption/switch of Units shall be despatched to the Unit holder within 10 business days of the specified redemption date. Provided if a Unit holder so desires the Fund shall issue a Unit certificate (non-transferable) within 30 days of the receipt of request for the certificate.

In case of Unit Holders holding units in the dematerialised mode, the Fund will not send the account statement / unit certificate to the Unit Holders. The statement provided by the Depository Participant will be equivalent to the account statement.

Pursuant to SEBI Circular no. SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010, in respect of New Fund Offers (NFOs) of Schemes launched on or after July 1, 2010, Account Statement [Allotment Advice in respect of units held in demat (electronic) mode] shall be despatched within five business days from the closure of the NFO and all the schemes [except Equity Linked Savings Scheme (ELSS)] shall be available for ongoing repurchase/ sale/trading within five business days of allotment.

The first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

- 3) The Fund shall dispatch redemption/repurchase proceeds within 10 Business Days of receiving the redemption/repurchase request.
- 4) The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the Unit holders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
- 5) The appointment of the AMC for the Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
- 6) 75% of the Unit holders of a Scheme can pass a resolution to wind up a Scheme.
- 7) The Trustee shall obtain the consent of the Unit holders: -
 - i) whenever required to do so by SEBI in the interest of the unit holders; or
 - ii) whenever required to do so if a requisition is made by three-fourths of the unit holders of the Scheme; or
 - iii) when the Trustees decide to wind up the Scheme or prematurely redeem the Units

- 8) The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
 - i. A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - ii. The Unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.
- 9) In specific circumstances, where the approval of Unit holders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.
- 10) The annual report containing accounts of the AMC would be displayed on the website of the AMC (i.e. www.motilaloswalmf.com and www.mostshares.com). Unitholders, if they so desire, may request for the annual report of the AMC.

11) **Consolidated Account Statement**

Under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996, the AMC/ RTA is required to send consolidated account statement for each calendar month to all the investors in whose folio, transaction has taken place during the month. Further, SEBI vide its circular having ref. no. CIR/MRD/DP/31/2014 dated November 12, 2014, in order to enable a single consolidated view of all the investments of an investor in Mutual Fund and securities held in demat form with Depositories, has required Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts.

In view of the said requirements the account statements for transactions in units of the Fund by investors will be dispatched to the investors in following manner:

A. Investors who do not hold Demat Account

On acceptance of application for subscription, an allotment confirmation specifying the number of Units allotted will be sent by way of e-mail and/or SMS to the applicant's registered e-mail address and/or mobile number within five Business Days from the date of receipt of transaction request from the unit holder(s).

The AMC shall send first account statement for a new folio separately with all details registered in the folio by way of a physical account statement and/or an email to the investor's registered address / e-mail address not later than five business days from the date of receipt of subscription request from the unit holder

CAS, based on PAN of the holders, shall be sent by AMC/ RTA to investors not holding demat account, for each calendar month within 10th day of the succeeding month to the investors in whose folios, transactions have taken place during that month.

CAS shall be sent by AMC/RTA every half yearly (September/ March), on or before 10th day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios there have been no transactions during that period.

CAS sent by AMC/RTA is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month.

B. Investors who hold Demat Account

On acceptance of application for subscription, an allotment confirmation specifying the number of Units allotted will be sent by way of e-mail and/or SMS to the applicant's registered e-mail address and/or mobile number within five Business Days from the date of receipt of transaction request from the unit holder(s).

CAS, based on PAN of the holders, shall be sent by Depositories to investors holding demat account, for each calendar month within 10th day of the succeeding month to the investors in whose folios, transactions have taken place during that month.

CAS shall be sent by Depositories every half yearly (September/March), on or before 10th day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios and demat accounts there have been no transactions during that period.

In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send account statement in terms of regulations applicable to the depositories.

CAS sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and transaction in dematerialised securities across demat accounts of the investors and holding at the end of the month.

Note: Investors will have an option not to receive CAS through Depositories. Such Investors will be required to provide negative consent to the Depositories. Investors who have opted not to receive CAS through Depositories will continue to receive CAS from AMC/ the Fund.

Following provisions shall be applicable to CAS sent through AMC/ RTA and CAS sent through depositories:

- a) Investors are requested to note that for folios which are not included in the CAS, AMC shall henceforth issue monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be sent on or before 10th day of succeeding month. Such statements shall be sent in physical form if no email id is provided in the folio.
- b) The statement sent within the time frame mentioned above is provisional and is subject to realisation of payment instrument and/or verification of documents, including the application form, by the RTA/AMC
- c) In the event the folio/demat account has more than one registered holder, the first named Unit holder/Account holder shall receive the CAS (AMC/RTA or Depository). For the purpose of CAS (AMC/RTA or Depository), common investors across mutual funds/depositories shall be identified on the basis of PAN. Consolidation shall be based on the common sequence/order of investors in various folios/demat accounts across mutual funds / demat accounts across depository participants.
- d) Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN.
- e) For Unit Holders who have provided an e-mail address in KYC records, the CAS will be sent by e-mail.
- f) The Unit Holder may request for a physical account statement by writing to/calling the AMC/RTA. In case of a specific request received from the unit holders, the AMC/RTA shall provide the account statement to the unit holders within 5 business days from the receipt of such request.
- g) Account Statements shall not be construed as proof of title and are only computer printed statements indicating the details of transactions under the Schemes during the current financial year and giving the closing balance of Units for the information of the Unit Holder.
- h) Non-transferable Unit Certificates will be sent, if an applicant so desires, within 5 Business Days of the receipt of a request for the certificate. Unit Certificates will not be issued for any fractional Units entitlement.
- i) Units held, either in the form of Account Statement or Unit Certificates, are non-transferable. The Trustee reserves the right to make the Units transferable at a later date subject to SEBI (MF) Regulations issued from time to time.

In case an investor has multiple accounts across two Depositories, the depository with whom the account has been opened earlier will be the default Depository.

IV. RIGHTS OF UNITHOLDERS OF THE SCHEME INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

The Net Asset Value (NAV) per unit under the Scheme will be computed by dividing the net assets of the Scheme by the number of units outstanding on the valuation day. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time.

The Net Asset Value (NAV) of the units under the Scheme shall be calculated as follows:

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Receivables} + \text{Accrued Income} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{No. of Units outstanding under Scheme on the Valuation Day}}$$

The NAV will be calculated up to four decimals. However the AMC reserves the right to declare the NAVs up to additional decimal places as it deems appropriate. Separate NAV will be calculated and disclosed for each Plan/Option.

The AMC will calculate and disclose the first NAV of the Scheme within a period of 5 business days from the date of allotment. Subsequently, the NAV shall be calculated and disclosed on each business day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time.

SECTION I - VALUATION NORMS FOR TRADED SECURITIES

INTRODUCTION:

Traded securities also include Thinly Traded securities and Suspended securities.

i) Thinly traded Equity/Equity Related Securities:

When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as thinly traded security and valued accordingly. **Ref: SEBI Circular No. MFD/CIR/14 /088 / 2001 dated March 28, 2001.**

It is evident that any security to qualify as thinly traded security it should satisfy both the afore-said conditions.

- Process to be followed for determining whether security is thinly traded
- In order to determine whether a security is thinly traded or not, the volumes traded on all recognized Stock Exchanges in India for the last month are considered.
- On the last day of the month service vendor viz. Bilav software Pvt. Ltd. send soft copy containing scrip-wise volume on BSE and NSE. This data is used to determine whether any of the equity security held in the portfolio is thinly traded.
- Please refer to **Section II** for valuation of thinly traded equity/equity related securities.

ii) Thinly traded Debt securities:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently applicable) on the principal stock exchange or any other stock exchange. **Ref.: SEBI Circular No. MFD/CIR No.14/442/2002 dated February 20, 2002.**

▪ **Process to be followed while determining whether security is thinly traded:**

- In order to determine whether a debt security is thinly traded or not, the volumes traded on NSE on the date of valuation should be considered since this is the only stock exchange, which has a Whole Sale Debt Market (WDM) segment. Volumes traded on NSE WDM can be obtained from service provider e.g. Bilav software Pvt. Ltd. or it can be obtained directly from the NSE site.
- A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security. Please refer to Section II for valuation of thinly traded debt securities.

1) EQUITY AND EQUITY RELATED SECURITIES:

SEBI Regulations has prescribed following methodology for valuation of Equity and Equity related securities:

Traded Securities are to be valued at the last quoted closing price on the selected Stock Exchange. Where security is not traded on the selected stock exchange, the last quoted closing price of another Stock Exchange may be used. If a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used, provided such date is not more than thirty days prior to valuation date.

(Ref: SEBI (Mutual Fund) Regulations, 1996 Schedule VIII and amendments through SEBI Circular No. MFD/CIR No.14/442/2002 dated February 20, 2002.)

1 (a) Partly Paid-up Equity Shares:

Traded - If the partly paid-up equity shares are traded in market separately then the same shall be valued at traded price (like any other equity instrument)

Non - traded - Uncalled liability per share shall be reduced from the value of fully paid share, if traded, to derive price of non-traded partly paid shares. Suitable illiquidity discounts shall be considered as for any other illiquid shares. Price of underlying fully paid up shares after deducting unpaid liability shall be considered as the valuation price for partly paid up shares.

- The steps involved in valuation of traded securities are:
 - (i) Selection of appropriate Stock Exchange by Asset Management Company (AMC) and valuing the security at the closing price on the date of valuation.
 - (ii) Valuing security at the closing price of another Stock Exchange, if it is not traded on the valuation date on the Stock Exchange as selected at (i) above.
 - (iii) Valuing security at the earliest previous day's quotes of selected stock exchange or any other stock exchange as the case may be (being not more than thirty days prior to valuation date).
- Clearly, for reasons of speed and regular flow of data in electronic form, our choice of stock exchange for trading is limited to the two premier exchanges of India - the Bombay Stock

Exchange (BSE) and the National Stock Exchange (NSE). Both these exchanges have electronic trading, greater transparency, quicker and more efficient settlements, which enable better cash management, and are popular with other major institutions.

▪ **Process followed for valuation of traded equity and equity related securities by Motilal Oswal AMC would be as follows:**

- (i) For valuation purposes NSE has been selected as appropriate stock exchange for equity and equity related securities held by all the schemes.
- (ii) Wherever equity and equity related securities are not listed on NSE or are not traded on a certain day at NSE, the closing price at BSE should be considered, followed by any other regional exchanges.
- (iii) In case of securities which have been allotted under preferential / private allotment and are not listed or traded on both the stock exchanges, the scrip is valued at last quoted price on the Stock Exchange where it is traded (provided the last quoted price is not more than thirty days prior to the valuation date.)
- (iv) To summarise, if a not traded on NSE then refer BSE and if not traded on BSE then only refer other exchange where the security is traded provided the trade should have happened within 30 days prior to the valuation date.
- (v) Similar methodology is to be used for valuation of traded preference shares.
- (vi) If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as 'non-traded' scrip and should be valued as non-traded security as per the norms given separately by us in **Section II** and also in case of equity securities not listed on any stock exchange, the scrip is to be valued as per the norms given separately in **Section II**.

Change in the selected Stock Exchange:

In case selected stock exchange for valuation of any or all securities is to be changed, reasons for change have to be recorded in writing by the valuation committee and approved by the Board of AMC.

2) VALUATION OF FOREIGN SECURITIES & ADR/GDR:

Exchange to be considered for valuation of foreign securities and ADRs/GDRs is to be approved by the AMC Board. SEBI has not prescribed the method of valuation of foreign securities and ADR/GDR. Process of valuation to be followed by Motilal Oswal Mutual Fund would be as follows:

i. Receiving last quoted price:

If the security is listed in a time zone ahead of ours then the same day price as provided by Reuters would be used for valuation. If the security is listed in a time zone behind ours then the previous day's price would be used for valuation. However in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security. The price of previous day should be used provided the price is not more than 30 days old. Further in case of extreme volatility or any other significant event in the international markets, the securities listed in those markets may be valued on a fair value basis.

In case of investment in foreign debt securities, on the Valuation Day, the securities shall be valued in line with the valuation norms specified by SEBI for Indian debt securities. However, in case valuation for a specific debt security is not covered by SEBI (MF) Regulations, then the security will be valued on fair value basis by the Valuation Committee of the AMC.

ii. Converting the price in Indian Rupees (INR):

Since these prices are in foreign currency these are to be converted in Indian Rupees by applying the exchange rate. Reuters Rate (11:30:00 GMT) can be used for converting the foreign currency prices in INR. This closing price in INR should also be used for valuation of foreign securities and ADR/GDR.

In case Reuters has not provided the conversion rate, the closing price of the security should be converted to INR at RBI reference rate. However, the AMC and Trustees reserve the right to change the source for determining the exchange rate.

3. STOCK AND INDEX DERIVATIVES:

3.1 Equity / Index Options Derivatives:

- (i) Market values of traded open option contracts shall be determined with respect to the exchange on which it is contracted originally, i.e., an option contracted on the National Stock Exchange (NSE) would be valued at the closing option price on the NSE. The price of the same option series on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the option itself has been contracted on the BSE.
- (ii) The Exchanges give daily settlement prices in respect of all derivate positions. These settlements prices would be adopted for the positions, which are not traded.

3.2 Equity / Index Futures Derivatives:

Market values of traded futures contracts shall be determined with respect to the exchange on which contracted originally, i.e., futures position contracted on the National Stock Exchange (NSE) would be valued at the closing future price on the NSE. The price of the same futures contract on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the futures contract itself has been contracted on the BSE.

- (i) The Exchanges give daily settlement prices in respect of all derivate positions. These settlements prices would be adopted for the positions, which are not traded.

4. VALUATION OF GOVERNMENT SECURITIES:

All Government securities are to be valued at the prices released by an agency suggested by AMFI. Central Government Securities (CGs) and State Development Loans (SDLs) shall be valued at the average of the price received from approved agency/(ies) currently CRISIL and ICRA.

5. DEBT SECURITIES OTHER THAN GOVERNMENT SECURITIES:

AMFI Best Practice Guidelines Circular No. 135/BP/29/2012-13 dated May 15, 2012 read with AMFI Best Practice Guidelines Circular No.41/2013-14

Valuation of Non-Traded Securities/Thinly Traded securities:

Less than or upto 60 days

Instruments will be valued by amortization on a straight line basis to maturity from cost or last valuation price, whichever is more recent.

However, it will be ensured that the amortized price is a fair reflection of market conditions, by comparing it to a Reference Price.

Crisil and ICRA shall be providing reference yields for all securities with a residual maturity of less than 60 days. The yields would be provided in a matrix format based on the residual maturity and rating of debt instruments. The yields provided by both shall be aggregated and averaged.

This is done through software developed by Crisil (CRISIL Bond Valuer or CBV). Based on the relevant benchmark yield (which will be derived from the reference yield curve mentioned above based on the residual maturity and rating of each security) and a security specific spread, a reference yield for each security will be calculated on a daily basis. Security specific reference price will be calculated using the reference yield.

This reference price will then be compared with the amortized price of each security.

In case the difference between the reference price and the amortized price is within +/- 10 bps, the security will be continued to be valued through amortization. However if on any day the price difference is more than +/-10 bps, the valuation of the security will be adjusted so as to bring the difference within a band of +/-10 bps.

Benchmark yield curve:

The benchmark yield curve shall be constructed by Crisil and ICRA on a daily basis, based on market trades and polling of market participants. For construction of this benchmark yield curve, traded prices / yields across all public platforms will be considered. For practical reasons, the benchmark yields will be provided for each calendar fortnightly interval, for tenors up to 60 days. Like for securities currently above 60 days to maturity, the yield curve shall be constructed in a matrix format, where each issuer can be benchmarked based on the credit rating and time to maturity.

Security Specific Spread:

An acquisition of a less than 60 day security could happen in two ways.

- a) Residual maturity of an existing security falling below 60 days.
- b) Fresh purchase of the security with a residual maturity of up to 60 days.

For every security acquired through way (a) the illiquidity discount will be zero. For every security acquired through way (b) the difference between the yield of the security and benchmark yield curve will be captured. This difference as on the first day of acquisition will be the spread for that security.

The spread of the security over the benchmark yield curve will generally be kept constant through the life of the security and shall be changed only if there is a reasonable justification for the change.

The spread will be changed if there are market trades in the same security at yields which will result in significantly different spreads, vis a vis current spreads. For any reset along these lines, we will consider following aspects.

(i) There has to be sufficient volume of such transactions. The qualification of the same would be at least 3 trades aggregating to Rs. 100 crs or more.

Any decision to change the spread based on market trade would be taken by the Valuation Committee based on adequate documentation and justification presented by the portfolio management team and shall be presented in the subsequent valuation committee meeting for ratification.

The spread may also be changed if there is a change in credit profile of the underlying issuer which warrants a change in current spreads over benchmark yields.

The change in credit profile of an issuer may arise due to one or a combination of the following factors.

- i) Change in credit rating of the said issuer.
- ii) Change in the credit rating outlook.
- iii) Significant change in the business and / or financial risk profile.
- iv) The above three factors are not exhaustive. There can be other reasons which may be considered for evaluating the credit profile of an issuer, based on adequate data, market information and analysis.

Further, given the dynamic nature of the markets, and due to changing market conditions, the risk department (mid office), may choose to revisit spreads at any point in time, based on the inputs / information received from internal / external sources. If so, then these changes shall also be reported post facto to the valuation committee for their ratification.

Trades done by the fund in an existing holding, will lead to a change in valuation yield for that security, provided the trade is at least of a marketable lot. This would result in a change in the valuation price of the security which will be valued at the weighted average yield of all trades done by the fund on that day. The security will then start getting amortized from the new valuation price.

An own trade will also lead to a reset in spreads. Based on the traded yield, the new spread will be calculated, over the benchmark yield curve. The reference yield will then be the combination of the benchmark yield and the new spread.

Since all interscheme trades would be done at current market levels and follow the principle of fair valuation like any other own trade, hence such interscheme trades would be treated at par with own trades for valuation purpose.

For instruments maturity beyond 60 days

All Debt /Money market securities of more than 60 days would be valued based on the average of security level valuation to be provided by external agencies as recommended by AMFI & as approved by the Board. Such prices would also be provided for non-transaction day.

New securities purchased of more than 60 days maturity for which valuation price is not provided by external agencies on the date of purchase, would be valued based as below :-CP/CD/ZCB :- Amortization from Weighted average price.
NCD:- At cost.

Any decision on any given valuation day of overruling the external agency price would have to be approved by the Valuation Committee. The valuation would have to be suggested by the Fund Manager with the approval of Head of Fixed Income based on the market data and then sent to Fund Accountants for incorporating in the NAV Computation.

6. VALUATION OF OTHER INSTRUMENTS:

6.1 VALUATION OF NON-TRADED RIGHTS ENTITLEMENTS:

As per Schedule VIII of SEBI (Mutual Fund) Regulations

6.1.1 When Company announces rights to the existing equity shareholders, under its Listing Agreement with Stock Exchange; it has to declare ex-right date for the purpose of trading on the Stock Exchange. Ex-right date is a date from which the underlying shares, which are traded on the Stock Exchange, will not be entitled to the rights. These rights entitlements can also be renounced in favour of a willing buyer. These renunciations are in some cases traded on the Stock Exchange. In such case these should be valued as traded equity related securities as detailed at para 1 above.

6.1.2 Till the rights are subscribed, the entitlements as per Regulations have to be valued as under:

Valuation of non-traded rights entitlement is principally the difference between the right price and ex-right price. SEBI Regulations have explained this with the help of following formula:

$$V_r = n / m \times (P_{ex} - P_{of})$$

Where
V_r = Value of Rights
n = Number of rights offered
m = Number of original shares held
P_{ex} = Ex-right price
P_{of} = Rights offer price

6.1.3 The following issues while valuing the rights entitlements have to be addressed:

- i) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognised as investments.
- ii) When rights are not treated pari passu with the existing shares such as, restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate.

- iii) Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value.
- iv) Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.
- v) In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero.

Until the right entitlements are traded, the value of the “rights” shares should be calculated as:

Value of rights entitlement = Ex-right price – Rights offer price

6.2 VALUATION OF SUSPENDED SECURITY:

- 6.2.1 In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security.
- 6.2.2 If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non-traded and valued accordingly.

6.3 VALUATION OF UNITS OF MUTUAL FUNDS:

- (i) In case of traded Mutual Fund schemes, the units would be valued at closing price on the stock exchange on which they are traded like equity instruments. In case the units are not traded for more than 7 days, last declared NAV would be considered for valuation (NAV is declared by Mutual Fund on weekly basis in case of close-ended schemes.)
- (ii) In case of non-traded Mutual Fund scheme, Closing NAV of the valuation date would be considered for valuation.

SECTION II - VALUATION NORMS FOR NON-TRADED SECURITIES

INTRODUCTION:

- A. Two distinct definitions for recognition as non-traded securities are noted.
 - i) If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as ‘non-traded’ scrip
 - ii) If the debt securities are not traded on any stock exchange for a period of fifteen days prior to the valuation date, the scrip must be treated as ‘non-traded’ scrip.
- B. Basic Conditions of valuation of Non-traded / Thinly traded Securities
The Regulations prescribe following conditions for valuation of non-traded securities:
 - i) Non-traded securities shall be valued in ‘good faith’ on the basis of the valuation principles laid down by SEBI.
 - ii) The basis should be appropriate valuation methods on the principles approved by Board of AMC.
 - iii) Such basis should be documented in Board minutes
 - iv) Methods used to arrive at good faith valuation should be periodically reviewed by the Trustees.

- v) Methods used to arrive at good faith valuation should be such that the auditors' report the same as 'fair and reasonable' in their report on the annual accounts.

Additional conditions to be adhered to for valuation of non-traded securities:

- i) Same price needs to be considered for the particular security across the schemes
- ii) Valuation needs to be done on trade date itself and not on settlement date
- iii) Prices to be computed up to 4 decimals

1. EQUITY AND EQUITY RELATED SECURITIES:

1.1 APPLICATION MONEY FOR PRIMARY MARKET ISSUE:

- i) Application money should be valued at cost up to 30 days from the closure of the issue. If the security is not allotted within 30 days from the closure of the issue, application money is to be valued as per the directives of valuation committee. Rationale of valuing such application money should also be recorded.
- ii) Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till one month from the date of allotment and after two month, are to be valued as unlisted securities. Method of valuing unlisted equity is stated at para 1.3 below.

1.2 NON-TRADED / THINLY TRADED EQUITY:

- 1.) A List of thinly trade securities is taken from stock exchanges (i.e. NSE and BSE) and also from Bloomberg on a monthly basis at every month end.
 - 2.) When a security is not traded in any of the stock exchange for the period of thirty days prior to the valuation date, it should be treated as Non-Traded Securities.
 - 3.) Thinly traded / Non Traded securities are valued in "good faith" on the basis of the valuation principles laid down by SEBI.
- A. As per SEBI Circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000 non traded / thinly traded equity is to be valued as follows:
- (a) Based on the latest available Balance Sheet, net worth shall be calculated as follows:
 - (b) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.
 - (c) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.
 - (d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.
 - (e) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

- (f) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
 - (g) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.
- B. In line with these guidelines issued by SEBI, non-traded / thinly traded securities should be valued as follows:
- 1.2.1 Net worth per share is computed as follows:
- i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure, debit balance in Profit and Loss account and certain contingent liabilities.
 - ii) Net worth per share = (Net worth of the company / Number of paid up shares).
- 1.2.2 Computation of capitalised value of earning per share (EPS):
- i) Determination of the Industry Price Earning Ratio (P/E) to which the company belongs.
 - Classification of industries provided by AMFI should be adopted.
 - Presently Industry P/E Ratio used is provided by NSE on a monthly basis. However, the P/E ratio data if not available from BSE/NSE, P/E provided by the Capital Market, Prowess (CMIE), Bloomberg etc. should be taken.
 - ii) Compute EPS from the latest audited annual accounts. In case the EPS is negative, EPS value shall be considered as zero
 - iii) Compute capitalised value of EPS at 75% discount
 $(P/E * 0.25) * EPS$
- 1.2.3 Computation of fair value per share to be considered for valuation at 10 % discount for illiquidity.
 $[(Net\ worth\ per\ share + Capitalised\ value\ of\ EPS) / 2] * 0.90$
- 1.2.4 In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.
- 1.2.5 In case an individual non traded / thinly traded security as valued aforesaid, accounts for more than 5% of the total asset of the scheme, AMC should appoint an independent Valuer. The security shall be valued on the basis of the valuation report of the Valuer.
- 1.2.6 To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.

1.3 VALUATION OF UNLISTED EQUITY:

- A. **SEBI Circular No. MFD/CIR/03/526/2002 dated May 9, 2002** has prescribed the method of valuation for unlisted equity securities. These guidelines are similar to the

guidelines issued by SEBI for non traded / thinly traded securities mentioned above only except the following:

1.3.1 Computation of Net worth per share as lower of (a) and (b):

(a) i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.

ii) Net worth per share = (Net worth of the company / Number of paid up shares).

(b) i) Net worth of the company = Paid up capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.

ii) Net worth per share = (Net worth of the company/{Number of paid-up shares + number of shares that would be obtained on conversion/exercise of outstanding warrants and options}).

If the net worth of the company is negative, the share should be marked down to Zero.

1.3.2 Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity.

$[(\text{Net worth per share} + \text{Capitalised value of EPS}) / 2] * 0.85$

1.3.3 In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.

1.3.4 At the discretion of the AMC and with the approval of the trustees, unlisted equity scrip may be valued at a price lower than the value derived using the aforesaid methodology.

1.4 VALUATION OF NON -TRADED WARRANTS:

As per Eighth Schedule to SEBI (Mutual Fund) Regulations

- Warrants are the entitlements to subscribe for the shares at a predetermined price at a later date in future.

- In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued similarly to the valuation of convertible portion of debentures as mentioned in the paragraph 2.3, as reduced by the amount which would be payable on exercise of the warrant.

- However, as the warrants can be converted only after few years, it would be appropriate to discount the value of this entitlement and find out the present value of the warrants. (The benchmark that can be considered for discounting could be interest rate for the comparable period, prevailing in the market.)

Value of Warrant = Present Value of [Value of underlying shares - exercise price]

- If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.

1.5 VALUATION OF PREFERENCE SHARES:

SEBI has not prescribed any methodology for valuation of preference shares. Valuation of non-traded preference shares would depend on the terms of issue of preference shares. i.e. convertible/non-convertible.

- Convertible preference shares should be valued like convertible debentures
- Non-convertible preference shares should be valued like debentures. However, if company does not pay dividend in any year, it would be treated like non-performing debentures.

1.6 VALUATION OF ILLIQUID SECURITY IN EXCESS OF 15% OF TOTAL ASSETS OF THE SCHEME

As per SEBI Circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000

- Illiquid security means securities defined as non-traded, thinly traded and unlisted equity shares.
- As per the SEBI Regulations aggregate value of Illiquid securities should not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

Provided that in case any scheme has illiquid securities in excess of 15% of total assets as on September 30, 2000 then such a scheme shall within a period of two years bring down the ratio of illiquid securities within the prescribed limit of 15% in the following time frame:

- 1) All the illiquid securities above 20% of total assets of the scheme shall be assigned zero value on September 30, 2001.
 - 2) All the illiquid securities above 15% of total assets of the scheme shall be assigned zero value on September 30, 2002.
- In respect of close-ended funds, for the purpose of valuation of illiquid securities, the limits of 15% and 20% applicable to open-ended funds should be increased to 20% and 25% respectively.
 - Wherever a scheme has illiquid securities as at September 30, 2001 not exceeding 15% in the case of an open ended funds and 20% in the case of closed ended funds, the concessions of giving time period for reducing the illiquid security to the prescribed limits would not be applicable and at all time the excess over 15% or 20% shall be assigned nil value.

1.7 VALUATION OF SHARES ON DE-MERGER:

On de-merger following possibilities arise which influence valuation these are:

i. **Both the shares are traded immediately on de-merger:**

In this case both the shares are valued at respective traded prices.

ii. **Shares of only one company continued to be traded on de-merger:**

Traded shares is to be valued at traded price and the other security is to be valued at traded value on the day before the de merger less value of the traded security post de merger. In case value of the share of de merged company is equal or in excess of the value of the pre de merger share, then the non-traded share is to be valued at zero.

The same would be reviewed by the valuation committee every 30 days if the security is not listed.

iii. Both the shares are not traded on de-merger:

Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of de merger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated in the ratio of cost of shares.

In case shares of both the companies are not traded for more than 30 days, these are to be valued as unlisted security. The same would be reviewed by the valuation committee every 30 days for the securities that are not listed.

2. DEBT SECURITIES:

2.1 SECURITIES PURCHASED ON PRIVATE PLACEMENT BASIS:

In case the security is purchased on private placement basis, the same would be valued at cost on the date of purchase. As per SEBI Regulations, such security can be valued at cost for 15 days. However, taking in to consideration the volatility in the market, it would be valued at cost on the date of purchase only and from the next day, valuation would be carried out like any other debt security.

2.2 VALUATION ON THE BASIS OF OWN TRADES WITH OUTSIDE PARTIES:

As per SEBI Regulations, a debt security (other than Government Securities) shall be considered as traded security if on the valuation date, there are individual trades in that security in marketable lots (currently Rs 5 Crore) on the principal stock exchange or any other stock exchange. However, debt securities are not traded on the exchange. The trades take place between two counterparties through the broker or without the broker. Broker is required to report the trades done through him to the National Stock Exchange within 48 hours. However, if broker does not report the trade or the trade is not done through the broker, the same does not get reported to exchange and the security is treated as non-traded security even when the Mutual Fund has traded in that security with the outside party. In such case, the traded price of the mutual fund may be considered for valuation of that security instead of valuing that security as non-traded security provided the Face value of traded security in one deal exceeds Rs. 5 crores.

2.3 VALUATION OF CONVERTIBLE DEBENTURES

As per Eighth Schedule of SEBI (Mutual Fund) Regulations method of valuation of convertible debentures is prescribed.

Non-convertible and convertible components are valued separately.

A. The non-convertible component shall be valued on the same basis as would be applicable to a non-convertible debt instrument mentioned at clause 2 above.

The convertible component to be valued as follows:

- i) Ascertain
 - The number of shares to be received after conversion.
 - Whether the shares would be pari passu for dividend on conversion.
 - The rate of last declared dividend.
 - Whether the shares are presently traded or non traded/thinly traded.
 - Market rate of shares on the date of valuation

- ii) In case the shares to be received are, on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded shares.

- iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded pari passu for dividend on conversion:
 - a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate
 - b) Determine the discount for non-tradability of the shares on the date of valuation. (This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by Valuation Committee. Prevailing interest rate for the similar period could be considered as bench mark for determining the discount)
Value = (a)*market rate [1-(b)]

- (iv) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option.
 - If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and;
 - If the option rests with the investor, the higher of the two values shall be taken.

2.4 Guidelines Identification, Provisioning and Valuation in respect of Non-Performing Assets (NPAs)

An asset shall be classified as "Non-Performing" if the interest and / or principal amount have / has not been received or have / has remained outstanding for three months from the day such income / installment has fallen due.

Valuation in respect of Non-Performing Assets (Debt Securities) will be done in accordance with "SEBI guidelines for identification and provisioning for NPAs" issued vide circular dated 18th September, 2000 bearing reference no. MFD/CIR/8/92/2000 as modified by SEBI circulars both dated 28th March, 2001 bearing reference no MFD/CIR/13/087/2001 as well as MFD/CIR/14/088/2001 and will form a part of this valuation policy.

The Fund shall make scrip wise disclosures of NPAs on a half yearly basis along with the half yearly portfolio disclosure.

The total amount of provisions made against the NPAs shall be disclosed in addition to the total quantum of NPAs and their proportion of the assets of the Scheme. In the list of

investments, an asterisk mark shall be given against such investments which are recognized as NPAs. Where the date of redemption of an investment has lapsed, the amount not redeemed shall be shown as 'Sundry Debtors' and not as investment, provided that where an investment is redeemable by installments that will be shown as an investment until all installments have become overdue.

The valuation guidelines as outlined above are as per the Regulations prevailing at present and are subject to change from time to time, in conformity with changes made by SEBI.

All other guidelines not covered above and as specified in the Mutual Fund Regulations, as well as any additions/modifications thereto as may be specified by SEBI from time to time, shall be adhered to for the purpose of valuation.

2 (a) VALUATION OF SECURITIES WITH PUT/CALL OPTIONS:

The option embedded securities would be valued as follows:

Securities with call option:

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

Securities with Put option:

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day:

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

3. VALUATION OF REVERSE REPO (PURCHASE AND SALE BACK) TRANSACTIONS:

Eighth Schedule to SEBI (Mutual Fund) Regulation has spelt out briefly the methodology for valuation of Repo Instruments.

This is an agreement under which on payment of a purchase price, the fund receives (purchases) securities from a seller who agrees to repurchase them at a specified time at a specified price. A repurchase agreement is similar in effect to a loan by the fund to the seller collateralised by the securities. The Mutual Fund does not record the purchase of securities received but records the repo transactions as if it were a loan. Repo instruments have to be valued at the resale price after deduction of applicable interest rate up to the

date of resale. To put it differently, it is at the net consideration paid i.e., loan given plus interest accrued every day. The difference between repurchase and sale prices is accounted as interest income.

4. MONEY MARKET INSTRUMENTS:

4.1 INTRODUCTION:

4.1.1 Money market instruments has been inclusively defined in the Regulations, which is “Money market instruments includes commercial papers, commercial bills, treasury bills, government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.”

4.1.2 Mutual Funds Regulations, 1996 prescribed a single method of valuation for all money market instruments where valuation was on the basis of quotations obtained from more than one Dealer or broker. The amendments made in 1998 to the Regulations divided these money market instruments into following categories:

- i) Investments in call money, bills purchased under rediscounting scheme and short term deposits with banks.
- ii) Traded money market instruments, other than above.
- iii) Non traded instruments.

4.2 SHORT TERM DEPOSITS:

Short term deposits with banks to be valued at cost in line with the SEBI directives.

4.3 COLLATERALISED BORROWING AND LENDING OBLIGATIONS:

It would be valued at cost plus amortization.

4.4 TRADED MONEY MARKET INSTRUMENTS:

As per SEBI Regulations other money market instruments excluding Government Securities, which are traded, have to be valued at the price at which they are traded.

5. TREASURY BILLS:

Above 60 days: Aggregated T-Bill price to be considered.

Below 60 days:-T-Bill to be amortized in CRISIL BOND Valuer. For below 60 days T-Bill traded, NDS-OM platform to be considered with criteria of five (5) trades and INR 250 Crs face value.

6. VALUATION OF INTEREST RATE SWAPS (IRS):

Interest Rate Swaps shall be valued at the net present value by discounting the future cash flows. Future cash flows for Interest Rate Swaps contracts shall be computed daily based on the terms of the contract and discounted using suitable OIS rates sourced from Reuters, as approved by the Valuation Committee.

V. TAX, LEGAL AND GENERAL INFORMATION

A. TAX INFORMATION

• TAXATION ON INVESTING IN MUTUAL FUNDS

The following summary outlines the key tax implications applicable to unit holders based on the relevant provisions under the Income-tax Act, 1961 ('Act') and Finance Act, 2017 (collectively called 'the relevant provisions').

The following information is provided only for general information purposes and is based on the Mutual Fund's understanding of the Tax Laws as of this date of Document. Investors / Unitholders should be aware that the relevant fiscal rules or their explanation may change. There can be no assurance that the tax position or the proposed tax position will remain same. In view of the individual nature of tax benefits, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

• TAXABILITY FOR THE MUTUAL FUND

1) Income of the Mutual Fund

Motilal Oswal Mutual Fund is a Mutual Fund registered with SEBI and is governed by the provisions of Section 10(23D) of the Act. Accordingly, any income of a fund set up under a scheme of a SEBI registered mutual fund is exempt from tax.

2) Dividend Distribution Tax¹

Mutual Funds (other than **Equity-oriented fund**) shall be liable to pay dividend distribution tax (including applicable surcharge and education cess) at the rate of

- a) 28.84% (including surcharge @12%, education cess @2% and Secondary and higher education cess at the rate of 1%), on income distributed to individuals, HUFs and NRIs.
- b) 34.608% (including surcharge @12%, education cess @2% and Secondary and higher education cess at the rate of 1%), on income distributed to persons other than an individual or a HUF.

Any income distributed by equity oriented fund is not liable for any dividend distribution tax.

"Equity oriented fund" is defined as -

- a) a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund; and

¹ For the purpose of determining the tax payable by the scheme, the amount of distributed income has to be increased to such amount as would, after reduction of tax on such increased amount, be equal to the income distributed by the Mutual Fund. In other words, the amount payable to unit holders is to be grossed up for determining the tax payable and accordingly, the effective tax rate would be higher.

b) which has been set up under a scheme of a Mutual Fund specified in Section 10 (23D) of the Act

3) Securities Transaction Tax ('STT')

STT is levied on the value of taxable securities transactions which is collected by the Mutual Funds and deposited in the Government Treasury as under:

Transaction	Rate of STT (%)	Payable by
Purchase/Sale of equity shares (delivery based)	0.1	Purchaser / Seller
Purchase of units of equity oriented mutual fund	Nil	Purchaser
Sale of units of equity oriented mutual fund (delivery based)	0.001	Seller
Sale of equity shares, units of business trust, units of equity oriented mutual fund (non-delivery based)	0.025	Seller
Sale of an option in securities	0.05	Seller
Sale of an option in securities, where option is exercised	0.125	Purchaser
Sale of a futures in securities	0.01	Seller
Sale of units of an equity oriented fund to the Mutual Fund	0.001	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2	Seller

*STT will also be deducted on an equity oriented fund at the time of redemption/switch to other schemes

• **TAXABILITY OF THE UNIT HOLDERS IN THE FUND**

1) Income from units

Under the provisions of section 10(35) of the Income-tax Act, 1961 ('the Act'), income received in respect of the units of a Mutual Fund (other than income on redemption / transfer of units) specified under section 10(23D) will be exempt from income-tax in the hands of all unit holders.

2) Characterization of Income

The characterization of gains / losses arising from sale / transfer of units as capital gains or business income would depend on whether the units are treated as stock in trade or capital asset.

In this regard, the Central Board of Direct Taxes ('CBDT') has issued a circular No. 4 of 2007 dated June 15, 2007, which reiterates the principles laid down in certain judicial precedents for characterization of income. Further, it advises the Assessing Officers to consider the total effect of all the principles outlined in the earlier judicial decisions in determining whether the shares are held as investments, giving rise to capital gains or as stock in trade, giving rise to business profits.

Further, the CBDT issued Circular no. 6/2016 dated 29 February, 2016, has clarified that the Assessing Officers would not dispute any income arising from transfer of listed shares and se-

curities held for more than 12 months, if the same was treated as, and offered to tax under, the head 'Capital Gains', subject to genuineness of the transaction being established.

3) Capital Gains

Under Section 2(29A) read with 2(42A) of the Act, units of a mutual fund are treated as a long-term capital asset if they are held for a period of more than 36 months (for schemes other than equity oriented) and for a period of more than 12 months (for equity oriented schemes) preceding the date of transfer. Units held for not more than 36 months (for schemes other than equity oriented) and for not more than 12 months (for equity oriented schemes) preceding the date of their transfer are short-term capital assets.

Long-term capital gains

As per section 112 of the Act, income arising on transfer of units being long-term capital assets by resident and non-resident investors [other than Foreign Portfolio Investor ('FPI')], would be chargeable to tax at the rate of 20% with indexation or at 10% without indexation, if applicable. In case of FPI, such income is chargeable to tax at the rate of 10% (without indexation) under section 115AD of the Act.

In case of an individual or Hindu Undivided Family ('HUF'), being a resident, where the total income as reduced by the long-term capital gains is below the maximum amount not chargeable to tax (i.e. upto Rs. 500,000 for very senior citizens, upto Rs. 300,000 for senior citizens, upto Rs.250,000 in case of other individuals, including women, not being a senior citizen), the long term capital gains shall be reduced to the extent of the shortfall and only the balance long term capital gains will be subject to the flat rate of taxation.

- a) In addition to the aforesaid tax, surcharge at the following rates is also payable:
 - i In case of Individuals and HUF, at the rate of 10% where the income exceeds Rs.50,00,000 but not exceeding Rs.10,00,000.
 - ii In case of Individuals and HUF, at the rate of 15% where the income exceeds Rs.10,00,000.
- b) In case of foreign companies, at the rate of 2% where the income exceeds Rs.10,00,000 but up to Rs.100,00,000 and at the rate 5% where the income exceeds Rs. 100,00,000;
- c) In case of domestic company, at the rate of 7% where the income exceeds Rs.10,00,000 but up to Rs.100,00,000 and at the rate 12% where the income exceeds Rs. 100,00,000

An education cess of 3% (inclusive of 1% additional cess for Secondary and Higher education) on total income-tax (including surcharge for corporate assessee) is payable by all categories of taxpayers.

A tax rebate of lower of actual tax liability or Rs. 2,500 in case of individuals or HUF having total income of less than Rs. 350,000 shall be available.

In case of non-resident investors, provisions of the Double Taxation Avoidance Agreement entered by Government of India with the Government of the country in which the investor is resident shall apply, if the same are more beneficial.

In case of an equity-oriented fund, long term capital gains arising from the sale of units of such equity oriented fund are exempt from tax under section 10(38) of the Act, where such sale is subject to levy of STT.

Income by way of long-term capital gains exempt under section 10(38) of the Act, would be taken into account while computing the book profits of a Company for the purpose of Minimum Alternate Tax payable under section 115JB of the Act.

Short-term capital gains

Short-term capital gains arising to a unit holder will be taxed at the normal rates applicable to that unit holder as per the provisions of the Act.

In case of an individual or HUF, being a resident, where the total income as reduced by the short term capital gains is below the maximum amount not chargeable to tax (i.e. upto Rs. 500,000 for very senior citizens, upto Rs.300,000 for all senior citizens and upto Rs.250,000 including women, not being a senior citizen, in case of other individuals), the short term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short term capital gains shall be computed at the applicable slab rates. A reference may also be made to the provisions of section 112 of the Act, which provides for a similar treatment in case of long-term capital gains.

In case of domestic companies the short-term capital gains are taxable at the rate of 30%, in case of foreign companies, at the rate of 40% and in case of FPI, as per section 115AD of the Act at the rate of 30% (except the case covered by section 111A of the Act discussed in the paragraph below).

As per section 111A of the Act, short term capital gains arising from the sale (redemption) of a unit of an equity oriented fund, where such sale (redemption) attracts STT, is taxable at the rate of 15%.

In addition to the aforesaid tax, surcharge and education cess is also payable as mentioned in para 3.1 above.

4) Units held as Stock-in-trade and rebate of STT

Where the units are treated as 'stock in trade' and the profits arising from the sale of units are taxed under the head "Profits & Gains of business or profession", the amount equal to the STT paid by the unit holder can be claimed as deductible expenses.

5) Deduction under Section 54EC of the Act

A deduction in respect of the taxable long-term capital gains on transfer of units could be claimed under Section 54EC of the Act, subject to fulfillment of certain conditions specified in the section. This section requires investments in specified assets which would not exceed Rs 50 Lacs, including investment made in both current year and subsequent year with respect to asset transferred in current year. However, if the amount invested is less than the capital gains realized, only proportionate capital gains would be exempt from tax.

6) Deduction under Section 54 F

A deduction in respect of the taxable long-term capital gains on transfer of units could be claimed under Section 54F of the Act in the hands of Individual & HUF, subject to fulfillment of certain conditions specified in the section. This section requires purchase/ construction of residential house within specified period. However, if the amount of purchase/construction is less than the net consideration realized on sale or redemption of units, only proportionate capital gains would be exempt from tax.

7) Set-off and carry forward of losses

The capital loss resulting from sale of units would be available for set off against other capital gains made by the investor and would reduce the tax liability of the investor to that extent. However, losses on transfer of long-term capital assets (except the long term capital losses arising in a sale transaction subject to STT) would be allowed to be set-off only against gains from transfer of long-term capital assets (except long term capital gains arising in a sale transaction subject to STT) and the balance long-term capital loss shall be carried forward separately for a period of eight assessment years to be set off only against long-term capital gains. However, losses on transfer of short-term capital assets would be allowed to be set-off against gains from transfer of long-term & short – term capital assets (except long term capital gains arising in a sale transaction subject to STT) and the balance short-term capital loss shall be carried forward separately for a period of eight assessment years to be set off against long-term capital gains (except long term capital gains arising in a sale transaction subject to STT) & short- term capital gain.

8) Dividend Stripping

Where a person buys any units within a period of three months before the record date, sells such units within nine months after such date and incurs a loss and the dividend / income on such units is exempt from tax, the loss on such sale to the extent of the dividend / income received or receivable on units shall be ignored while computing the income chargeable to tax.

9) Bonus Stripping

Where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells the original units within a period of nine months after the record date and continues to hold the bonus units and incurs a loss, then the loss incurred on sale of such original units shall be ignored while computing the income chargeable to tax but shall be deemed to be the cost of acquisition of the bonus units.

10) Switching from one scheme to another

As stated in the respective Scheme Information Documents, switching from one Scheme / option to another Scheme / option will be effected by way of redemption of units of the relevant Scheme / option and reinvestment of the redemption proceeds in the other Scheme / option selected by the unit holder. Hence, switching will attract the same implications as applicable on transfer of such units.

11) Consolidation of Schemes

Transfer of units upon consolidation of mutual fund schemes of two or more schemes of mutual fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. Further, transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.

12) STT

STT would be chargeable as specified above in point 3 of 'taxability for the mutual fund' on purchase and sale of units of an equity oriented scheme by the unit holders.

13) Tax withholding:

Resident Investors

As per Circular no. 715 dated August 8, 1995 issued by the CBDT in case of resident Unit holders, no tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units.

Foreign Portfolio Investors

Under section 196D of the Act, no tax is required to be deducted at source on income way of capital gains earned by a FPI.

Non-resident Investors other than FPI's

Under Section 195 of the Act, the Mutual Fund is required to deduct tax at source at the rate of 20% /10% (without indexation) on any long-term capital gains arising to nonresident investors from units other than units of an equity oriented scheme. Long term capital gains from equity oriented schemes are exempt from tax under section 10(38) of the Act.

In respect to short-term capital gains from units other than units of an equity oriented scheme, tax is required to be deducted at source at the rate of 30% if the payee unit holder is a non-resident non-corporate and at the rate of 40% if the payee unit holder is a foreign company. In case of equity oriented schemes, tax is required to be deducted at the rate of 15% for both corporate and non-corporate non-resident unit holders.

Further, the aforesaid tax to be deducted is required to be increased by surcharge and education cess, as applicable.

As per circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee.

14) Religious and Charitable Trusts

Investment in Units of the Fund by Religious and Charitable Trusts is an eligible investment under Section 11(5) of the Act read with Rule 17C of the Income Tax Rules, 1962. However, such investment may be permitted only subject to the state legislation governing Religious and Charitable Trusts in this regard, wherever applicable.

15) Double Tax Avoidance Agreement (DTAA)

The tax rates given hereinabove are subject to any relief that an investor may be entitled to claim under the relevant DTAA.

16) Taxation of Gifts

Section 56(2) of the Act provides that the aggregate fair market value (exceeding Rs.50,000) of any property, including units of mutual funds, received without consideration or for inadequate consideration (from persons or in situations other than those exempted under Section 56(2)(vii) of the Act) will be included in the computation of total income of the recipient and be subject to tax.

17) Goods and Services Tax (GST)

India's biggest tax reform, Goods and Services Tax or GST, is going to be a reality from July 1, 2017. GST is going to have a marginal impact on investments made by Mutual Fund investors. GST shall be paid based on service consumption. The increase in service tax by 3% i.e. from 15% to 18% would make Mutual Fund a little bit expensive. The Government has kept the GST at a standard of 18% for the financial services industry. This means a three per cent points hike in tax liability for distributors. The smaller distributors, earning less than Rs. 20 lakh p.a., will be exempt from GST. But this exemption holds good if distributor provides intra state services but won't work if the services provided are inter-state. In GST, the reporting compliances shall become cumbersome. There is no more centralised registration benefit available and the filing of requisite GST returns shall be states wise. Compliance cost and system/technology cost shall be more in this new GST framework. Mutual Fund investors have nothing to worry except the higher expense ratios.

Please note:

The tax incidence to Unit Holders could vary materially based on residential status, characterization of income (i.e. capital gains versus business profits) accruing to them in the Fund.

B. LEGAL INFORMATION

NOMINATION

Pursuant to Regulation 29A of the SEBI (MF) Regulations, the Fund/AMC is providing an option to the Unitholder to nominate (in the manner prescribed under the Regulations), a person(s) in whom the Units held by him shall vest in the event of his death.

The investors / Unitholders are requested to note that a maximum of three nominees can be registered for a Folio. In case of multiple nominees, the Ratio of nomination has to be clearly specified in the nomination form / request letter. If the Ratio of nomination is not explicitly stated, then the nomination shall be treated at 'Equal Ratio'.

1) Who can nominate/be nominees?

Individuals, on their own behalf, singly or jointly can nominate. Non-individuals including company, PSU, AOP, BOI, society, trust (other than religious or charitable trust), body corpo-

rate, partnership firm, Karta of Hindu Undivided Family, Bank, FII/FPI, holder of Power of Attorney cannot nominate. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time.

A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unitholder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.

2) How to Nominate?

A Unitholder can, at the time an application is made, or by subsequently writing to an ISCs, request for a nomination form in order to nominate not more than three individuals, to receive the units upon his/her death, subject to completion of the necessary formalities e.g. proof of death of the unitholder, signature of the nominees, furnishing of proof of guardianship in case a nominee is a minor, execution of indemnity bond or such other document as may be required from the nominee(s) in favour of and to the satisfaction of the Mutual Fund, the AMC, or the Trustee. If the Units are held jointly, all joint unitholders will be required to sign the nomination form irrespective of the mode of holding being 'Anyone or Survivor' or 'Joint'. Nomination form cannot be signed by Power of attorney (PoA) holders. Every new nomination for a folio/account will overwrite the existing nomination. Investors may please note that nomination is mandatory for folios held in the name of a single individual. Nomination cannot be made in a folio held 'on behalf of a minor'. Further, investors who do not wish to nominate are required to confirm at the time of making an application of their non-intention to nominate. Investors shall indicate clearly the percentage of allocation/ share in favour of each of the nominees against their names, and such allocation/share shall be in whole numbers without any decimals. In the event of the investor not indicating the percentage of allocation/share for each of the nominees, the AMC shall settle the claim equally amongst all the nominees.

3) Effects of nomination/cancellation of nomination

Nomination in respect of units stands rescinded upon redemption of units. Cancellation of nomination can be made only by those individuals who hold units on their own behalf, singly or jointly, and who made the original nomination. On cancellation, the nomination shall stand rescinded and the AMC/Mutual Fund shall not be under any obligation to transfer the units in favour of any of the nominees. Transfer of units/ payment to a nominee of the sums shall be valid and effectual against any demand made upon the Trust/AMC, and shall discharge the Trust/AMC of all liability towards the estate of the deceased unit holder and his/her successors and legal heirs, executors and administrators.

However, the investors should be aware that the nominee(s) may not acquire title or beneficial interest in the property by virtue of the nomination and that neither the Fund nor the AMC nor the Registrar and Transfer Agent of the Fund will be bound to transfer the units to the nominee in the event of any dispute in relation to the nominee's entitlement to the units.

If the Mutual Fund or the AMC or the Trustee were to incur or suffer any claim, demand, liabilities, proceedings or if any actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

For units held in electronic form with the Depository, the nomination details provided by the unit holder to the depository will be applicable to the units of the Schemes. Such nomination including any variation, cancellation or substitution of Nominee(s), shall be governed by the rules and bye-laws of the Depository. Payment to the nominee of the sums shall discharge the Fund of all liability towards the estate of the deceased unit holder and his/her legal successors/legal heirs.

In case nomination has been made for demat account with joint holders, in the event of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holder(s), the securities will be transmitted to the nominee.

In case nomination is not made by the sole holder of demat account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

TRANSFER OF UNITS

Units of the Schemes held in physical form shall be non-transferable. Further units of the schemes of the Fund held in demat form are freely transferable under the depository system and in accordance with the provisions of the SEBI (Depositories and Participants) Regulations, 1996. from one demat account to another demat account. However, restriction on transfer of units of ELSS during lockin period shall continue to be as per ELSS guidelines. However, if a transferee becomes a holder of units by the operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence, which in its opinion is sufficient, proceed to effect the transfer, if intended transferee is otherwise eligible to hold the units. In all such cases, if the transferee is not eligible to hold the Units, the Units will be redeemed and the proceeds will be disbursed to the transferee, if such transferee is entitled to the same. All such changes shall be carried out in line with the applicable laws and the decision of the AMC shall be considered final.

Any addition/deletion of name from the folio of the Unitholder is deemed as transfer of Units. In view of the same, additions/deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission of Units and not transfer.

TRANSMISSION OF UNITS

In cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Mutual Fund subject to production of satisfactory evidence and com-

pletion of formalities as specified by the AMC. The following documents are required for transmission under various situations:

1) Transmission to surviving unit holders in case of death of one or more unit holders:

In case units are held by more than one registered unit holder, then upon death of first unit holder, units shall be transmitted in favour of the second named holder on production of the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- Letter from surviving unit holders requesting for transmission of units,
- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager or the certificate which is generated from the official sites
- Bank Account Details of the new first unit holder along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name.
- KYC of the surviving unit holders, if not already available.

2) Transmission to registered nominee/s in case of death of Sole or All unit holders:

Units shall be transmitted in favour of the registered nominee(s) in case of death of sole or all Unit holders upon production of the following documents to the satisfaction of the Mutual Fund, AMC/ Trustee or Registrar:

- Letter from claimant nominee/s requesting for transmission of units,
- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager or the certificate which is generated from the official sites,
- Bank Account Details of the new first unit holder along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name.
- KYC of the claimant/s.

3) Transmission to claimant/s, where nominee is not registered, in case of death of Sole or all unit holders:

If the Unit holder has not appointed a nominee, the Units shall be transmitted in favour of the Unit holder's executor/administrator of estate/legal heir(s), as the case may be, on production of the following documents:

- Letter from claimant/s requesting for transmission of units,
- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager or the certificate which is generated from the official sites,
- Bank Account Details of the new first unit holder along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name.
- KYC of the claimant/s,
- Indemnity Bond from legal heir/s as per specified format*
- Individual affidavits from legal heir/s as per specified format
- If the transmission amount is below Rs. one Lakh any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.
- If the transmission amount is Rs. 2 Lakh or more any one of the documents mentioned below:
 - Notarised copy of Probated Will, or
 - i) Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a competent court, or

ii) Letter of Administration, in case of Intestate Succession

* In case claimant submits any of the above documents, then the indemnity bond would not be required.

4) Transmission in case of HUF, due to death of Karta:

HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta and HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will appoint the new Karta who needs to submit following documents for transmission:

- Letter Requesting for change of Karta,
- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager or the certificate which is generated from the official sites,
- Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF
- KYC of the new Karta and KYC of HUF, if not already available
- Indemnity bond signed by all the surviving coparceners and new Karta as per format specified by the AMC
- In case of no surviving co-parceners OR the transmission amount is Rs. Two Lakh or more or where there is an objection from any surviving members of the HUF, transmission shall be effected only on the basis of any of the following mandatory documents:
 - i) Notarized copy of Settlement Deed, or
 - ii) Notarized copy of Deed of Partition, or
 - iii) Notarized copy of Decree of the relevant competent Court

Please note that if the transmission exceeds Rs. 2 lakh or more, the AMC reserves the right to seek additional documents on a case-to-case basis. Also, where the units are to be transmitted to a claimant who is a minor, various documents like KYC, PAN, Bank details, indemnity should be of the guardian of the nominee.

Units held in demat form shall adhere to the rules of transmission in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996.

PLEDGE/ASSIGNMENT OF UNITS

A unit holder may pledge/assign units of the Schemes in favour of scheduled Commercial banks, financial institutions, non-banking financial companies (NBFCs) or any other body Corporate as a security for raising loans. Units can be pledged by completing the requisite forms/formalities as may be required by the Fund. The AMC and/or the Registrar will record a pledge/charge/lien against the units pledged.

The Pledgor may not be allowed to redeem Units so pledged until the bank/financial institutions/NBFCs to which the units are pledged provides a written authorization to the Fund that the pledge/charge/lien may be removed.

As long as the Units are pledged, the Pledgee will have complete authority to redeem such Units. If the units are lodged by the Unit holder for redemption or transfer to another person it

will be deemed that the same are released from the pledge and the Fund shall deal with the units as per the request of the member if otherwise in order.

In case the unit pledge are of close ended scheme and if the units are under pledge at the time of maturity of the Scheme, then the AMC reserves the right to pay the maturity amount to the person/bank/financial institution/non-banking finance companies (NBFCs)/any other body in whose favour the lien has been marked. An intimation of such payment will be sent to the investor. The AMC thereafter shall not be responsible for any claims made by the investor/third party on account of such payments.

For units of the Schemes issued and held in Demat form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Schemes.

DURATION OF THE SCHEMES/WINDING UP

For Open Ended Schemes

The duration of the Schemes is perpetual. The AMC, the Fund and the Trustees reserve the right to make such changes/alterations in the Schemes (including the charging of fees and expenses) to the extent permitted by the applicable SEBI Regulations. However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unit holders:

1. On the happening of any event, which in the opinion of the Trustee(s), requires the Scheme to be wound up; or
2. Seventy five percent (75%) of the Unit holders of the Scheme pass a resolution that the Scheme be wound up, or
3. If SEBI so directs in the interest of the Unit holders.
4. If the Scheme is not able to meet the criteria laid down by SEBI for minimum number of investors.

Where the Scheme is so wound up, the Trustees shall give notice of the circumstances leading to the winding up of the Scheme to SEBI and in two daily newspapers with circulation all over India and also in a vernacular newspaper circulating at the place where the Mutual Fund is formed.

For Close Ended Scheme

The duration of a Close Ended Scheme would be till the maturity date and will be fully redeemed on such maturity date. The Scheme can be converted to an open ended scheme, if: The Scheme Information Document of the scheme discloses the option and the period of such conversion. The Unit holders are provided with an option to redeem their units in full.

A close ended Scheme may be allowed to be rolled over if the purpose, period and other terms of roll over and all other material details of the Scheme including the likely composition of the assets immediately before the roll over, the net assets and the net assets value of the Scheme are disclosed to the unit holders and a copy of the same has been filed with SEBI.

The Trustee reserves the right to convert the close ended Scheme to an open ended Scheme after complying with provisions of SEBI (Mutual Funds) Regulations. The Trustees may also roll over the Scheme for a further period at their discretion after complying with Mutual Funds Regulations.

The close ended Scheme may be wound up before the maturity of the Scheme after complying with necessary regulations. Where the Scheme is so wound up, the Trustees shall give notice of the circumstances leading to the winding up of the Scheme to SEBI and in two daily newspapers with circulation all over India and also in one vernacular newspaper with circulation at the place where the Mutual Fund is formed.

Effect of Winding Up

On and from the date of the publication of notice of winding up, the Trustee or the AMC, as the case may be, shall:

- i. Cease to carry on any business activities in respect of the Scheme so wound up;
- ii. Cease to create or cancel Units in the Scheme;
- iii. Cease to issue or redeem Units in the Scheme.

Procedure and manner of Winding up

In the event of the Scheme being wound up, the AMC shall proceed as follows:

1. The Trustee shall call the meeting of the unit holders to consider and to approve by simple majority of the Unit holders present and voting at the meeting for authorizing the Trustee, the AMC or any other person to take steps for the winding up of the Scheme.
2. The Trustee, the AMC or the person authorized as above shall dispose of the assets of the Scheme concerned in the best interest of unit holders of the Scheme.
3. The proceeds of sale realized in pursuance of the above, shall be first utilized towards discharge of such liabilities as are due and payable under the Scheme and after making the provisions for meeting the expenses connected with such winding up, the balance shall be paid to Unit holders in proportion to their respective interest in the assets of the Scheme, as on the date when the decision for winding up was taken.
4. On completion of the winding up, the AMC shall forward to SEBI and the unit holders a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the auditors of the Fund.
5. Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.
6. After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

In addition to the above, an open-ended scheme may also be wound up if the scheme/investment Plan fails to fulfill the condition of a minimum of 20 investors on an ongoing basis for each calendar quarter.

Further, an average AUM of Rs. 20 crore on half yearly rolling basis has to be maintained for all open ended debt oriented schemes. In case of breach of the this provisions, the AMC shall scale up the AUM of such scheme within prescribed period so as to comply with the provisions, failing which the provisions of Regulation 39(2)(c) of the Regulations related to winding up of scheme would become applicable.

Change in Static Information

Investors, for whom the KYC process has been previously completed, should submit their request for change in static information, viz. name, address, status, signature, etc. to any of the Point of Services (PoS) appointed by CDSL Ventures Ltd /Intermediary through whom the uniform KYC was recorded. Investors, who have not complied with the KYC requirement, may submit their request for change in static information to the AMC's Registrar. Other information such as bank account details, dividend sub option etc. may be changed by Unit Holders by submitting a written request to the Registrar. Such changes will be effected within 5 Business Days of the valid signed request reaching the office of the Registrar at Chennai, and any interim financial transactions like purchase, redemption, switch, payment of dividend etc. will be effected with the previously registered details only. If any change in static information is submitted along with a financial transaction, the change will be handled separately and the financial transaction may be processed with the previously registered details. Unit Holders are therefore advised to provide requests for change in static information separately and not along with financial transactions. Investors transacting through the stock exchange mechanism should approach their respective Depository Participant for non-financial requests/applications such as change of address, change of bank, etc.

- i) Any request for change of bank mandate details will be entertained only if the Unit Holder provides any of the following documents along with the designated change request form.
- ii) copy of a cheque leaf of the new bank account (where the account number and name is printed on the cheque) or
- iii) a cancelled cheque pertaining to the new bank account (where the account number and name is printed on the cheque) or
- iv) a letter from the new bank certifying the bank account details, including the MICR code & IFSC Code (where available)
- v) Any request for change of bank mandate details without the above mentioned documents will be considered invalid and will not be processed.
- vi) Any change in dividend sub option due to additional investment or Unit Holder request will be applicable to the entire Units in the dividend option of the scheme/plan concerned.
- vii) Unit Holders may write to the AMC or the Registrar to change the broker code of their transactions or to remove the broker code. Any such request will be handled on a prospective basis and the change in broker code will be effected within 5 days from the date when the Registrar receives the request at its office.

In compliance to AMFI Best Practice Guidelines circular No. 17/10-11 dated October 22, 2010, the Mutual Fund has introduced Multiple Bank Account Registration Facility for its unit holders, where in Unit holder can register more than one bank account with the Mutual Fund to receive redemption/dividend proceeds. The Unit holder may choose to receive the redemption/dividend proceeds in any of the bank accounts, the details of which are registered under

the facility by specifying the same in the “Bank Accounts Registration form” which will be available at our Investor Service Centers/Registrar and Transfer Agents offices and on the website of the Fund, this facility was introduced w.e.f November 15, 2010.

Consolidation of Folios

In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on such criteria as may be determined by the AMC from time to time. In case of additional purchases in same scheme / fresh purchase in new scheme, if the investor fails to provide the folio number, the AMC reserves the right to allot the units in the existing folio, based on such integrity checks as may be determined by the AMC from time to time.

Treatment of Unclaimed Dividend and Redemption

In accordance with SEBI Circular dated February 25, 2016, Mutual Funds shall provide the details of investors on their website like, their name, address, folios, etc. The website shall also include the process of claiming the unclaimed amount alongwith necessary forms and document. Further, the unclaimed amount along with its prevailing value shall be disclosed to investors separately in their periodic statement of accounts/CAS.

Investors are requested to note that pursuant to the circular investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education.

1) Investment made on behalf of Minor

• Accounts of Minor:

- i. The minor shall be the first and the sole holder in an account/folio. There shall not be any joint accounts/folios with minor as the first or joint holder
- ii. Guardian in the folio on behalf of the minor should be either a natural guardian (i.e. father or mother) or a court appointed legal guardian. A document evidencing the relationship should be submitted to the AMC/Registrar of Fund.
- iii. The following documents evidencing the date of birth of the minor shall mandatorily be required while opening the account on behalf of minor:
 - a. Birth certificate of the minor, or
 - b. School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
 - c. Passport of the minor, or
 - d. Any other suitable proof evidencing the date of birth of the minor.

- **Minor Attaining Majority - Status Change:** When the units are held on behalf of the minor, the ownership of the units rests with the minor. A guardian operates the account until the minor attains the age of majority.

1. The AMC/Registrar shall send an advance notice to the guardian and minor to submit an application form along with prescribed documents to change the status of the ac-

count to “major”. AMC/Registrar shall send these intimations by email and mobile alerts where email ids and mobile numbers are available.

2. The account shall also be frozen for operation by the guardian on the day the minor attains the age of majority and no transactions (financial/non-financial including fresh registration of Systematic Transfer Plan (STP), Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP) after the date of the minor attaining majority) shall be permitted till the documents for changing the status are received by AMC/Registrar.
3. The AMC/Registrar will continue to process the existing standing instructions including STP, SIP and SWP registered prior to the minor attaining majority till the time an instruction from the major to terminate the standing instruction is received by the AMC/Registrar along with the prescribed documents. It may also be noted that the standing instruction shall be terminated within 30 days from the date of receiving the instruction.
4. The AMC/Registrar shall register standing instructions like SIP,SWP,STP in a minor folio only till the date of the minor attaining majority, though the instructions may be for a period beyond that date.
5. The following documents shall be submitted to change the account status from minor to major:
 - i) Services Request form, duly filled and containing details like name of major, folio numbers, etc.
 - ii) New Bank mandate where account changed from minor to major,
 - iii) Signature attestation of the major by a manager of a scheduled bank / Bank Certificate / Letter,
 - iv) KYC acknowledgement of the major.

- **Change in Guardian:**

1. In case there is a change in the guardian of the minor either due to mutual consent or demise of existing guardian, the following documents will be required to be submitted to the AMC/Registrar in order to register the new guardian who shall be a natural guardian (father or mother) or a court appointed legal guardian:
 - a) Request letter from the new guardian,
 - b) No Objection Letter (NoC) or Consent Letter from existing guardian or Court Order for new guardian, in case the existing guardian is alive.
 - c) Notarized copy or attested copy of the Death Certificate of the deceased guardian, where applicable. The attestation may also be done by a special executive magistrate, AMC authorised official or manager of a scheduled bank.
 - d) A document evidencing the relationship of the guardian shall be required if the same is not available as part of the documents submitted as per point A(iii) above.
 - e) Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian.
 - f) KYC Acknowledgement Letter of the new guardian.

C. General Information

INTER-SCHEME TRANSFER

The transfer of investments from one Scheme to another Scheme in the same mutual fund shall be allowed only if: -

- i. Such transfers are done at the prevailing market price for quoted investments on spot basis.
- ii. The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfers have been made.

Explanation: ‘Spot basis’ shall have same meaning as specified by Stock Exchange for spot transaction.

ASSOCIATE TRANSACTION

1) Underwriting obligations with respect to issues of Associate Companies during the FY 2014-15, FY 2015-16 and FY 2016-17:

The schemes of the Mutual Fund have not entered into any underwriting obligation with respect to issues of associate companies, and have no devolvement.

2) Subscription in issues lead managed by the Sponsor or any of its associates during the FY 2014-15, FY 2015-16 and FY 2016-17:

Details for the period ended September 2016:

Name of Issuer	Instrument	Scheme Name	Amount in Cr.
Manpasand Beverages	Equity Share	Motilal Oswal MOST Focused Midcap 30 Fund	1.35
		Motilal Oswal MOST Focused Multicap 35 Fund	25.47
		Motilal Oswal MOST Focused Dynamic Equity Fund	3.15

Details for the period ended March 2017:

Scheme Name	Name of Issuer	Type of Security	Details of Subscription - Quantity Amount (Rs. In Crores)	Details of Allotment - Quantity Amount (Rs. In Crores)
Motilal Oswal MOST Focused 25 Fund*	Avenue Supermarts Limited	Equity Share	0.88	0.88
Motilal Oswal MOST Focused Multicap 35 Fund			9.96	9.96
Motilal Oswal MOST Focused Long Term Fund			0.55	0.55
Motilal Oswal MOST Focused Dynamic Equity			0.61	0.61

Fund				
Motilal Oswal MOST Focused 25 Fund #			5.00	0.05

3) Subscription to any issue equity or debt on private placement basis where the sponsor or its associate Companies have acted as arranger or manager during the FY 2014-15, FY 2015-16 and FY 2016-17:

4) Brokerage and Commission paid to Associates during the past three financial years including current year

a) Brokerage paid to associates/related parties/group companies of Sponsor/AMC for Secondary Market Transactions

Name of associates / related parties / group companies of Sponsor / AMC	Nature of association / Nature of relation	Period Covered	Value of transaction (in Rs. Cr & % of total value of transaction of the Fund)		Brokerage (Rs. Cr. & % of total brokerage paid by the Fund)	
			Rs. Cr	%	Rs. Cr	%
Motilal Oswal Securities Ltd.	Sponsor	2014 - 2015	75.29	3.35	0.02	2.12
Motilal Oswal Securities Ltd.	Sponsor	2015 - 2016	303.99	4.67	0.31	6.63
Motilal Oswal Securities Ltd.	Sponsor	2016 - 2017	429.91	4.21	0.51	6.02

b) Commission paid to associates/related parties/group companies of Sponsor/AMC for Distribution and Sale of Units:

Name of associates / related parties / group companies of Sponsor / AMC	Nature of association / Nature of relation	Period Covered	Business given (Rs. Cr & % of total business received by the Fund)		Commission paid (Rs. Cr. & % of total commission paid by the Fund)	
			Rs. Cr	%	Rs. Cr	%
Motilal Oswal Securities Ltd.	Sponsor	2014 - 2015	198.24	10.94	1.84	23.21
Motilal Oswal Wealth Management Ltd.	Associate	2014 - 2015	62.14	3.43	0.58	7.35
Motilal Oswal Securities Ltd.	Sponsor	2015 - 2016	235.77	5.65	3.15	8.84
Motilal Oswal Wealth Management Ltd.	Associate	2015 - 2016	138.38	3.31	1.99	5.61
Motilal Oswal Securities Ltd.	Sponsor	2016 - 2017	451.28	10.06	5.36	8.77
Motilal Oswal Wealth Management Ltd.	Associate	2016 - 2017	126.99	2.83	2.96	4.85

5) As provided under the SEBI Regulations, the Scheme shall not make any investments in:

- a) Any unlisted security of an associate or group company of the Sponsor; or
- b) Any security issued by way of private placement by an associate or group company of the Sponsor; or
- c) The listed securities of group companies of the Sponsor in excess of 25% of the assets of all the Schemes of the Mutual Fund

The AMC, Sponsor or any associate may invest in units of the Schemes (the existing Schemes, including Schemes as may be launched from time to time). The percentage of such investments will vary from time to time. However the AMC shall not charge any management fees on its own investment in the units of the Schemes of the Fund. The AMC will also invest a portion of its assets into the Scheme as seed capital to the extent mandated by the SEBI Regulations and such seed capital will not be redeemed or withdrawn by the AMC until the winding up of the Scheme.

UNDERWRITING

The Schemes will not accept underwriting and sub underwriting obligations.

LENDING OF SECURITIES

The Schemes may lend securities from its portfolio in accordance with the Regulations and the applicable SEBI guidelines. Securities' lending shall enable the Schemes to earn income that may partially offset the expenses of the Schemes and thereby reduce the effect of the expenses have on the Schemes ability to provide investment returns. The Schemes will pay reasonable administrative and custodial fees in connection with the loan of securities. The Schemes will be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities. The Schemes share of income from the lending of securities will be included in the Schemes gross income. The Fund will comply with the conditions for securities lending specified by the SEBI.

In case of the Exchange Traded Funds, Motilal Oswal MOST Shares M50 ETF, Motilal Oswal MOST Shares Midcap 100 ETF and Motilal Oswal MOST Shares NASDAQ 100 ETF, the AMC shall adhere to following limits:

- 1) A scheme shall have maximum exposure to single intermediary shall be 50 % of market value of its equity portfolio or upto limits specified by SEBI.
- 2) A scheme shall not lend more than 75% of its corpus

In case of the Equity Schemes i.e. Motilal Oswal MOST Focused 25 Fund, Motilal Oswal MOST Focused Midcap 30 Fund, Motilal Oswal MOST Focused Multicap 35 Fund, Motilal Oswal MOST Focused Long Term Fund and Motilal Oswal MOST Focused Dynamic Equity Fund, the AMC shall adhere to following limits:

- 1) The Scheme shall not deploy more than 20% of the net assets of the scheme and 5% of the net assets of the Scheme to any single intermediary

BORROWING OF SECURITIES

If the Mutual Funds are permitted to borrow stocks, the Schemes may in appropriate circumstances borrow stocks in accordance with SEBI guidelines, which may be issued in this regard. The respective Scheme may bear the interest charged on such borrowings.

Policy for Borrowing

In terms of Regulations as presently prevailing, each Scheme shall have powers to borrow up to a maximum of 20% of the net assets of such Scheme as on the date of borrowing for a maximum duration of 6 months or as may be permitted under prevailing regulations. This borrowing shall be used only to meet repurchase/redemption of units/dividends or interest payouts as a temporary liquidity measure as per Regulation 44(2) of Chapter VI of SEBI (Mutual Funds) Regulations, 1996, on such terms (as to creation of charge on the properties of the Scheme, rate of interest, margins etc.) as the Trustee/AMC considers to be in the interest of investors. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustee.

Website

Motilal Oswal Asset Management Company Limited (MOAMC) owns two independent website having URL www.motilaloswalmf.com for its active funds namely Motilal Oswal MOST Focused 25 Fund, Motilal Oswal MOST Focused Midcap 30 Fund, Motilal Oswal MOST Focused Multicap 35 Fund, Motilal Oswal MOST Focused Long term Fund, Motilal Oswal MOST Focused Dynamic Equity Fund and Motilal Oswal MOST Ultra Short Term Bond Fund and www.mostshares.com for its passive funds namely, Motilal Oswal MOST Shares M50 ETF, Motilal Oswal MOST Shares Midcap 100 ETF, Motilal Oswal MOST Shares NASDAQ-100 ETF.

The information contained on this website is intended for information purposes only. The information contained on this website should not be construed as any form of advice, recommendation or suggestion, to buy or sell any mutual fund units, shares or any other financial instruments or avail any services to any individual or entity. MOAMC/MOMF shall not be responsible for the loss or damage caused due to incorrect, inaccurate or erroneous information or data available on this website.

The website is for the exclusive purpose of transactions to be carried out within the territorial jurisdiction of India and all such transactions shall be governed by the laws in India. Notice is hereby given that Non Resident Indians (NRI's) and Foreign Nationals accessing this web site and opting to transact thereon shall do so after due verification at their end of their eligibility to do so. Motilal Oswal Mutual Fund undertakes no responsibility for such pre-eligibility of qualification on part of Non-Resident Indians (NRI's) or Foreign Nationals to transact on this website.

Information other than that relating specifically to MOAMC, Motilal Oswal Mutual Fund and its products, is for information purposes only and should not be relied upon as a basis for investment decisions. Motilal Oswal Mutual Fund(MOMF)/Motilal Oswal Asset Management Company Limited/ Motilal Oswal Trustee Company Limited/ Sponsor, Motilal Oswal Securi-

ties Limited and its affiliates are not liable for damages caused by any performance, failure of performance, error, omission, interruption, deletion, defect, delay in transmission or operations, computer virus, communications line failure, and unauthorized access to the personal accounts. Motilal Oswal Mutual Fund is not responsible for any technical failure or malfunctioning of the software or delays of any kind.

Mode of Holding

An application can be made by up to a maximum of three applicants. Applicants must specify the 'mode of holding' in the Application Form.

If an application is made by one Unit Holder only, then the mode of holding will be considered as 'Single'.

If an application is made by more than one investors, they have an option to specify the mode of holding as either 'Jointly' or 'Anyone or Survivor'.

In either of the cases referred above i.e. application made by one investor/more than one investor, the Fund shall not entertain requests for including any other person as a joint holder once the application has been accepted.

If the mode of holding is specified as 'Jointly', all instructions to the Fund would have to be signed by all the Unit Holders, jointly. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign.

If an application is made by more than one investor and the mode of holding is not specified, the mode of holding would be treated as joint. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

In all cases, all communication to Unit holders (including account statements, statutory notices and communication, etc.) will be addressed to the first-named Unit holder. All payments, whether for redemptions, dividends, etc will be made favouring the first-named Unit holder. The first named Unit holder shall have the right to exercise the voting rights associated with such Units as per the applicable guidelines.

Investors should carefully study the paragraphs on “Transfer and Transmission” and “Nomination Facility” before ticking the relevant box pertaining to the mode of holding in the Application Form.

Units held in electronic form with the depository shall adhere to the rules of the depository for operation of such DP accounts.

Folio Number

Each investor will be identified by a Folio Number. Folio number should be quoted in all communications.

Units held in electronic form with the depository shall not be assigned a folio number. Unit holders shall quote Depository Participant Identification No. and Client Identification No. in all its communications.

Investor's Personal Information

The AMC may share investors' personal information with the following third parties:

1. Registrar, Banks and/or authorised external third parties who are involved in transaction processing, dispatches, etc. of investors' investment in the Schemes;
2. Distributors or Sub-brokers through whom applications of investors are received for the Schemes; or
3. Any other organizations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering requirements.

Payment of Redemption Proceeds

Repurchase proceeds will be paid by cheques, marked "Account Payee Only" and payments will be made in favour of the Unit holder (in case there are more than one registered holder, then the payment will be made in name of first holder only) with the Bank account number furnished to the Fund. Redemption cheques will be sent to the address of the unit holder as registered with the Fund and in case of the joint holding, to the address of the first unit holder.

As per the SEBI Regulations, the Mutual Fund is required to dispatch redemption proceeds within 10 working days from the date of redemption/repurchase. However, under the normal circumstances, the Fund will endeavor to dispatch the redemption proceeds within 10 working days from the date of redemption/repurchase.

A fresh account statement will also be sent to the unit holder redeeming units, indicating the new balance to the credit in the account, along with the redemption cheque.

Repurchase by Non-Resident Investors

For NRI's, Redemption proceeds will be remitted depending upon the source of investment as follows:

(i) Repatriation basis

When Units have been purchased through remittance in foreign exchange from abroad or by cheque/draft issued from the proceeds of the Unit holder's Foreign Currency Non Resident (FCNR) deposit or from funds held in the Unit holder's Non Resident (external) (NRE) account kept in India, the proceeds can be remitted to the Unit holder in foreign currency (any exchange rate fluctuation will be borne by the Unit holders). The proceeds can also be sent to his India address for crediting to his NRE/FCNR/Non Resident (Ordinary) Account, if desired by the Unit holders.

(ii) Non Repatriation Basis

When Units have been purchased from funds held in the Unit holder's Non Resident (Ordinary) Account, the proceeds will be sent to the Unit holder's Indian address for crediting to the Unit holders Non Resident (Ordinary) Account.

For FII's, the designated branch of the authorized dealer may allow remittance of net sale/maturity proceeds (after payment of taxes) or credit the amount to the foreign currency or Non Resident Rupee Account of the FII maintained in accordance with the approval granted to it by the Reserve Bank of India.

The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs/FIIs.

Refunds, interest, dividends, other distributions, if any, and maturity proceeds/repurchase price will be payable in Indian Rupees only.

Set-off

The AMC shall have the right to set-off dividend amounts, redemption amounts or any other amounts that may be payable to an investor under the Scheme :

- against redemption proceeds already paid by the AMC in respect of units created without realizing the subscription amounts, and/or
- against any excess payments made (and, in the case of payments by cheque, whether encashed or not) to such investor, under the Scheme or under any other Scheme of the Fund managed by the AMC in the same folio or any other folio of such investor in the Fund.

Distributors

The Fund intends to utilize the services of selected financial intermediaries for distribution and may pay brokerage to them depending upon the efficiency and other factors as may be decided by the AMC. The AMC is the sole authority to select such financial intermediary/intermediaries who would distribute the Schemes. Further, the AMC may appoint one or more exclusive distributors, at its discretion, based on the parameters decided by the AMC.

Documents for Inspection

The following documents will be available for inspection at 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400025 during business hours on any day (excluding Saturdays, Sundays and public holidays).

- a. Memorandum & Articles of Association of AMC.
- b. Investment Management Agreement.
- c. Trust Deed and amendments thereto, if any.
- d. Mutual Fund Registration Certificate.
- e. Agreement with the Mutual Fund and the Custodian.
- f. Agreement with Registrars' and Transfer Agents.
- g. Consent of the Auditors to act in the said capacity.
- h. Consent of the Legal Advisors to act in the said capacity.
- i. Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 and amendments from time to time thereto.

j. Indian Trust Act, 1882.

Investor Grievance Redressal Mechanism

Investor can approach the office of AMC or Registrar or any of the Branches of Registrar for redressal of their Grievances. The AMC has appointed Mr. Nilesh Chonkar as Investor Relation Officer. He can be contacted at registered office of the Company at:

Motilal Oswal Asset Management Company Limited

10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai – 400025.

Email: mfservice@motilaloswal.com

Toll Free No.: 1800-200-6626

Investor may also approach the Compliance Officer / CEO of the AMC. The details including, inter-alia, name & address of Compliance Officer & CEO, their e-mail addresses and telephone numbers are displayed at each offices of the AMC.

In case the investor is not satisfied with the redressal by the Investment Manager, the investor may lodge a complaint on SEBI’s web based complaints redress system (SCORES).

Details of Investor Complaints received and redressed during last three financial years are as below:

Period Name of the Scheme	FY 14-15		FY 15-16		FY 16-17	
	Received	Redress	Received	Redress	Received	Redress
Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)	0	0	1	1	0	0
Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)	0	0	0	0	0	0
Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)	0	0	0	0	0	0
Motilal Oswal MOST Ultra Short Term Bond Fund	0	0	2	2	0	0
Motilal Oswal MOST Focused 25	1	1	1	1	0	0

Fund						
Motilal Oswal MOST Focused Midcap 30 Fund	0	0	4	4	5	5
Motilal Oswal MOST Focused Multicap 35 Fund	2	2	9	9	10	10
Motilal Oswal MOST Focused Long Term Fund	0	0	1	1	0	0
Motilal Oswal MOST Focused Dynamic Equity Fund	0	0	0	0	1	1
Others	5	5	5	5	0	0