


## SCHEME INFORMATION DOCUMENT

### **Motilal Oswal Midcap 100 ETF (MOFM100)**

(An open ended scheme replicating/tracking Nifty Midcap 100 Index)

<p><b>This product is suitable for investors who are seeking*</b></p>	
<ul style="list-style-type: none"> <li>• Return that corresponds generally to the performance of the Nifty Midcap 100 Index, subject to tracking error</li> <li>• Investment in equity securities of Nifty Midcap 100 Index</li> </ul>	

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

### Continuous Offer of Units at NAV based prices

<b>Name of Mutual Fund</b>	Motilal Oswal Mutual Fund
<b>Name of Asset Management Company (AMC)</b>	Motilal Oswal Asset Management Company Limited
<b>Name of Trustee Company</b>	Motilal Oswal Trustee Company Limited
<b>Address</b>	<u>Registered Office:</u> 10 <sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai-400025
<b>Website</b>	<a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document (SID).

The SID sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this SID after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Motilal Oswal Mutual Fund (MOMF), Tax and Legal issues and general information on [www.motilaloswalmf.com](http://www.motilaloswalmf.com) and [www.mostshares.com](http://www.mostshares.com).

**SAI is incorporated by reference (is legally a part of the SID). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.**

**The SID should be read in conjunction with the SAI and not in isolation.**

This SID is dated June 30, 2020.

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## HIGHLIGHTS/SUMMARY OF THE SCHEME

<b>Name of the Scheme</b>	Motilal Oswal Midcap 100 ETF (MOFM100)
<b>Type of the Scheme</b>	An open ended scheme replicating/tracking Nifty Midcap 100 Index
<b>Category of Scheme</b>	ETF
<b>Investment Objective</b>	The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of Nifty Midcap 100 Index (Underlying Index), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
<b>Investment</b>	The Scheme will invest in the securities which are constituents of Nifty Midcap 100 Index in the same proportion as in the Index.
<b>Benchmark</b>	Nifty Midcap 100 TRI
<b>Loads</b>	Entry Load: Not Applicable  Exit Load: Nil
<b>Liquidity</b>	<p><b>On the Exchange</b> The units of the Scheme can be bought / sold on all trading days on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) where the Scheme are listed.</p> <p><b>Directly with the Mutual Fund</b> The Scheme offers units for subscription / redemption directly with the Mutual Fund in creation unit size.</p>
<b>Minimum Application Amount</b>	<p><b>On Exchange:</b> Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.</p> <p><b>Directly with the Mutual Fund:</b> Investors can buy/sell units of the Scheme in creation unit size.</p>
<b>Transparency/NAV Disclosure</b>	The NAV will be calculated on all calendar days and shall be disclosed in the manner specified by SEBI. The AMC shall update the NAVs on its website <a href="http://www.mostshares.com">www.mostshares.com</a> and <a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and also on AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a> before 11.00 p.m. on every business day. If the NAVs are not available before commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAVs. The reason for delay in uploading NAV would be explained to AMFI in writing. Further, AMC will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

	<p>The Mutual Fund / AMC shall disclose portfolio (along with ISIN) in a user friendly &amp; downloadable spreadsheet format, as on the last day of the month /half year for the scheme(s) on its website (<a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) within 10 days from the close of each month/half year. In case of investors whose email addresses are registered with MOMF, the AMC shall send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month/half year respectively. The portfolio statement will also be displayed on the website of the AMC and AMFI.</p> <p>The AMC shall also make available the Annual Report of the Scheme within four months of the end of the financial year. The Annual Report shall also be displayed on the website of AMC and AMFI.</p> <p>The AMC may also calculate intra-day indicative NAV (computed based on snapshot prices of the underlying securities traded and available on NSE) and will be updated during the market hours on its website <a href="http://www.mostshares.com">www.mostshares.com</a>. Intra-day indicative NAV will not have any bearing on the subscription or redemption of units directly with the Fund by the Authorised Participant / Large Investor.</p>
<b>Face Value</b>	The face value of each unit of the Scheme is Rs. 10/-.
<b>Listing</b>	The units of the Scheme are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE).
<b>Dematerialization</b>	The units of the Scheme are available in Dematerialization form only.

## I. INTRODUCTION

### A. RISK FACTORS

#### Standard Risk Factors:

- Investment in Mutual Fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rate of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on various factors and forces affecting the capital market.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 100,000 made by it towards setting up the Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

- The NAV of the Scheme can go up or down depending on the factors and forces affecting the securities markets.

### **Scheme Specific Risk Factors**

The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, trading price, yield, return and/or its ability to meet its objectives.

- **Market Risk**

The Scheme's NAV will react to stock market movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as performance of companies whose stock comprises the underlying portfolio, economic and political developments, changes in interest rates, inflation and other monetary factors and movement in prices of underlining investments.

- **Risks associated with investing in Equities**

- Investments in the equity shares of the Companies constituting the Underlying Index are subject to price fluctuation on daily basis. The volatility in the value of equity is due to various micro and macro-economic factors like economic and political developments, changes in interest rates , etc. affecting the securities markets. This may have adverse impact on individual securities/sector and consequently on the NAV of Scheme.
- The Scheme would invest in the securities comprising the Underlying Index in the same proportion as the securities have in the Index. Hence, the risk associated with the corresponding Underlying Index would be applicable to the Scheme. The Underlying Index has its own criteria and policy for inclusion/exclusion of securities from the Index, its maintenance thereof and effecting corporate actions. The Fund would invest in the securities of the Index regardless of investment merit, research, without taking a view of the market and without adopting any defensive measures. The Fund would not select securities in which it wants to invest but is guided by the Underlying Index. As such the Scheme is not actively managed but is passively managed.
- As the units of the Scheme are listed on the Stock Exchange, trading in the units of the Scheme may be halted due to market conditions or for reasons that in the view of the Exchange Authorities or SEBI. There could also be trading halts caused by extraordinary market volatility and pursuant to NSE/BSE and SEBI circuit filter rules and the Scheme would not be able to buy/sell securities in case of subscriptions/redemptions, which may impact the Scheme. Further, there can be no assurance that the requirements of the exchange necessary to maintain the listing of the Scheme will continue to be met or will remain unchanged.
- Listing and trading of the units are undertaken on the Stock Exchanges within the rules, regulation and policy of the Stock Exchange and SEBI. Any change in trading rules, regulation and policy by the regulatory authority would have a bearing on the trading of the units of the Scheme and its prices.
- Though the Scheme is listed on the NSE and BSE, there is no assurance that an active secondary market will develop or be maintained. Hence, there would be times when trading in the units of the Scheme would be infrequent.
- The NAV of the Scheme reflect the valuation of its investment and any changes in market value of its investments would have a bearing on its NAV. When the units are traded on the Stock Exchange, the units of the Scheme may trade at prices which can be different from the NAV due to various factors like demand and supply for the units of the Scheme, perceived trends in the market outlook, etc.
- In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities as in certain cases, settlement periods may be extended significantly by unforeseen circumstances. Similarly, the inability to sell securities held in the Scheme portfolio may result, at times, in

potential losses to the Scheme, and there can be a subsequent decline in the value of the securities held in the Scheme portfolio.

- h. Investors should note that even though the Scheme is an open ended Scheme, subscription/redemptions directly with the Fund would be limited to such investors who have the ability to subscribe/redeem the units of the Scheme in specific lot sizes. Generally, these lot sizes are larger as compared to normal funds. Even though this Scheme is open ended due to large lot size, very few investors can directly subscribe and redeem the units of the Scheme. However, investors wishing to subscribe/redeem units in other than specific lot sizes can do so by buying/selling the same on the Stock Exchange unless no quotes are available on the exchange for 3 trading days consecutively.
- i. Tracking error may arise due to various reasons like fees and expenses charged to the Scheme, dividend received, corporate actions, change in the Underlying Index, etc. Tracking error has an impact on the performance of the Scheme. The Scheme's returns may therefore deviate from those of its Underlying Basket. However, the Fund would endeavor to keep the tracking error as low as possible.
- j. Risks of investing in the Midcap sector
  - Given the lower liquidity in small cap equity shares, achieving the investment objectives may be affected.
  - The companies, being smaller in size, are more prone to adverse effects of prolonged general economy wide adversity such as a slow down or recession.

- **Right to Limit Redemptions**

The Trustee, in the general interest of the unit holders of the Scheme offered under this SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Business Day subject to the guidelines/circulars issued by the Regulatory Authorities from time to time.

- **Asset Class Risk**

The returns from the types of securities in which the Scheme invests may under perform from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and under-performance in comparison with the general securities markets.

- **Interest Rate Risk**

Changes in interest rates will affect the Scheme's Net Asset Value. The prices of securities usually increase as interest rates decline and usually decrease as interest rates rise. The extent of fall or rise in the prices is guided by duration, which is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The new level of interest rate is determined by the rate at which the government raises new money and/or the price levels at which the market is already dealing in existing securities. Prices of long-term securities generally fluctuate more in response to interest rate changes than short-term securities. The price risk is low in the case of the floating rate or inflation-linked bonds. The price risk does not exist if the investment is made under a repo agreement. Debt markets, especially in developing markets like India, can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

- **Credit Risk**

Credit Risk means that the issuer of a security may default on interest payments or even paying back the principal amount on maturity. (i.e. the issuer may be unable to make timely principal and interest payments on the security). Even where no default occurs, the prices of security may go down because the credit rating of an issuer goes down. It must be, however, noted that where the Scheme has invested in Government securities, there is no risk to that extent.

- **Liquidity or Marketability Risk**

This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme.

- **Risks associated with Investing in Derivatives**

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of the fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counterparty”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Scheme may not be able to sell or purchase derivative quickly enough at a fair price. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

- **Risks associated with Securities Lending**

Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

In case the Scheme undertakes stock lending as prescribed in the Regulations, it may, at times be exposed to counter party risk and other risks associated with the securities lending. Unitholders of the Scheme should note that there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities lent. The Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.



- **Trading through mutual fund trading platforms of BSE and/ or NSE**

In respect of transaction in Units of the Scheme through BSE and/ or NSE, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by BSE and/ or NSE and their respective clearing corporations on which the Mutual Fund has no control.

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

As MOFM100 is an exchange traded fund, the provision of minimum number of investors and maximum holding by the investor is not applicable as per SEBI Circular having reference no. SEBI/IMD/CIR NO 10/22701/03 dated December 12, 2003.

## **C. SPECIAL CONSIDERATIONS**

- Prospective investors should study this SID and SAI carefully in its entirety and should not construe the contents hereof as advise relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest/redeem/hold units.
- Neither this SID and SAI nor the units have been registered in any jurisdiction. The distribution of this SID or SAI in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, any person who comes into possession of this SID or SAI is required to inform themselves about and to observe any such restrictions and/or legal compliance requirements. It is the responsibility of any persons in possession of this SID or SAI and any persons wishing to apply for units pursuant to this SID to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. Any changes in SEBI/Stock Exchange/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.
- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this SID or SAI or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the SID or SAI or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
- The tax benefits described in this SID and SAI are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India as on the date of this SID and the Unitholders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unitholder is advised to consult his / her own professional tax advisor.
- Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise.

- The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in SAI.

The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.

- Motilal Oswal Asset Management Company Limited (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 dated August 21, 2017.
  - b. MOAMC acts as an Investment Manager to the Schemes of Motilal Oswal Alternative Investment Trust and is registered under SEBI (Alternative Investment Funds) Regulations, 2012 as Category III AIF bearing registration number IN/AIF3/13-14/0044.
  - c. MOAMC has incorporated a wholly owned subsidiary in Mauritius which acts as an Investment Manager to the funds based in Mauritius.
  - d. MOAMC has incorporated a wholly owned subsidiary in India which currently undertakes Investment Advisory Services/Portfolio Management Services to offshore clients.

AMC confirms that there is no conflict of interest between the aforesaid activities managed by AMC. In the situations of unavoidable conflicts of interest, the AMC undertakes that it shall satisfy itself that adequate disclosures are made of source of conflict, potential 'material risk or damage' to investor interest and develop parameters for the same.

- 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 Trustee, in the general interest of the unit holders of the Scheme offered under this SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Business Day.
- As the liquidity of the Scheme's investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Fund for Redemption of Units may be significant

in the event of an inordinately large number of Redemption requests. The Trustee has the right to limit redemptions under certain circumstances. Please refer to the section “Right to limit Redemption”.

- Pursuant to the provisions of Prevention of Money Laundering Act, 2002 (PMLA), if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND (Financial Intelligence Unit – India) or such other authorities as prescribed under the rules/guidelines issued thereunder by SEBI and/or RBI and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unitholder/ any other person.
- Termination of the scheme(s)  
The Trustees reserve the right to terminate the scheme at any time. Regulation 39(2) of the SEBI Regulations provides that any scheme of a mutual fund may be wound up after repaying the amount due to the unitholders:
  - (a) On the happening of any event which, in the opinion of the trustees, requires the scheme to be wound up; or
  - (b) If seventy-five percent of the unitholders of a scheme pass a resolution that the scheme be wound up; or
  - (c) If SEBI so directs in the interest of the unitholders.
  - (d) Where a scheme is wound up under the above Regulation, the trustees shall give a notice disclosing the circumstances leading to the winding up of the scheme:
    - (a) to SEBI; and
    - (b) in two daily newspapers having circulation all over India & a vernacular newspaper circulating at the place where the mutual fund is formed.

In case of termination of the scheme, regulation 41 of the SEBI (mutual Funds) Regulations, 1996 shall apply.

- **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 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 FATCA and 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.

Ministry of Finance had issued Press Release dated April 11, 2017 issued by Ministry of Finance, for informing the revised timelines for Self-certifications which was April 30, 2017. So, investors who had not completed their self-certification were advised to complete their self-certification, on or before April 30, 2017. The folios of investors who had invested during July 1, 2014 to August 31, 2015 and have not provided self-certification were blocked and shall stay blocked unless self-certification is provided by the Investor and due diligence is completed.

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 MOMF.

#### **Disclaimers:**

#### **NSE Indices Ltd.**

- (i) The Product i.e. Motilal Oswal Midcap 100 ETF (MOFM100) is not sponsored, endorsed, sold or promoted by NSE Indices Ltd. NSE Indices Ltd. does not make any representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of the Nifty Midcap 100 Index to track general stock market performance in India. The relationship of NSE Indices Ltd. to the Licensee is only in respect of the licensing of certain trademarks and trade names of its Index which is determined, composed and calculated by NSE Indices Ltd. without regard to the Licensee or the Product. NSE Indices Ltd. does not have any obligation to take the needs of the Licensee or the owners of the Product into consideration in determining, composing or calculating Nifty Midcap 100 Index. NSE Indices Ltd. is not responsible for or has participated in the determination of the timing of, prices at, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be converted into cash. NSE Indices Ltd. has no obligation or liability in connection with the administration, marketing or trading of the Product”.
- (ii) NSE Indices Ltd. does not guarantee the accuracy and/or the completeness of Nifty Midcap 100 Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. NSE Indices Ltd. does not make any warranty, express or implied, as to results to be obtained by the Licensee, owners of the product, or any other person or entity from the use of Nifty Midcap 100 Index or any data included therein. NSE Indices Ltd. makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, NSE Indices Ltd. expressly disclaim any and all liability for any damages or losses arising out of or related to the Products, including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages”.
- (iii) An investor, by subscribing or purchasing an interest in the Product, will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clauses above and will be bound by it.

## **2. NSE**

As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/155108-G dated January 03, 2011 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## **3. BSE**

The BSE Limited ("the Exchange") has given permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. The Exchange does not in any manner:-

1. warrant, certify or endorse the correctness or completeness of any of the contents of this SID;
2. warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange;
3. take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its promoters, its management or any scheme or project of this Mutual Fund.

and should not for any reason be deemed or construed that the Scheme Information Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquire any units of Motilal Oswal Midcap 100 ETF (MOFM100) of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## D. DEFINITIONS

In this SID, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

<b>Applicable NAV</b>	Unless stated otherwise in this document, 'Applicable NAV' is the Net Asset Value at the close of a Business/ Working Day on which the purchase or redemption is sought by an investor and determined by the Fund.
<b>Applicable NAV for redemptions and switch-outs</b>	In respect of valid applications received upto 3.00 pm on a business day by the Mutual Fund, same day's closing NAV shall be applicable. In respect of valid applications received after the cut off time by the Mutual Fund: the closing NAV of the next business day.
<b>AMFI Certified Stock Exchange Brokers</b>	A person who is registered with Association of Mutual Funds in India (AMFI) as Mutual Fund Advisor and who has signed up with Motilal Oswal Asset Management Company Limited and also registered with BSE & NSE as a Participant.
<b>Asset Management Company or AMC or Investment Manager or MOAMC</b>	Motilal Oswal Asset Management Company Limited (MOAMC), a Company incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as the Asset Management Company to the Schemes of Motilal Oswal Mutual Fund.
<b>Authorised Participant</b>	Member of the Stock Exchanges having trading terminals on which the units of the Scheme are listed and who are appointed by the AMC to give two way quotes on the stock exchanges and who deal in creation unit size for the purpose of purchase and sale of units directly from the Mutual Fund.
<b>Business Day / Working Day</b>	Any day other than: (a) Saturday and Sunday (b) a day on which capital/debt markets in Mumbai are closed or are unable to trade for any reason (c) a day on which the Banks in Mumbai are closed or RBI is closed (d) a day on which both the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. are closed (e) a day which is public/Bank holiday at a collection centre/ investor service centre/official point of acceptance where the application is received (f) a day on which sale and repurchase of units is suspended by the Trustee/AMC (g) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or such other event as the AMC may specify from time to time.  However, the AMC reserves the right to declare any day as the Business / Working Day or otherwise at any or all collection centres / investor service centre / official point of acceptance.
<b>Creation Unit</b>	It is the fixed number of units of the Scheme, which is exchanged for a basket of securities of the Underlying Basket called the "Portfolio Deposit" and a "Cash Component".

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

	For redemption of units it is vice versa, i.e. a fixed number of units of the Scheme and cash component are exchanged for Portfolio Deposit.
<b>Custodian</b>	A person who has been granted a certificate of registration to carry on the business of custodian of securities by SEBI under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996 which for the time being is Deutsche Bank AG.
<b>Cut-off time</b>	A time prescribed in the SID upto which an Investor can submit a Purchase request / Redemption request for that Working Day.
<b>Debt Instruments</b>	Government securities, corporate debentures, bonds, promissory notes, money market instruments, pass through certificates, asset backed securities / securitised debt and other possible similar securities.
<b>Depository</b>	A body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL).
<b>Depository Participant</b>	A person registered as a participant under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
<b>Dividend</b>	Income distributed by the Mutual Fund on the units of the Scheme.
<b>Entry Load</b>	Load on Sale/Switch-in of Units.
<b>Equity Related Instruments</b>	Equity Related Instruments includes convertible bonds and debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other like instrument.
<b>Exit Load</b>	Load on repurchase / redemption of units.
<b>Exchange / Stock Exchange</b>	Recognized Stock Exchange(s) where the units of the Scheme are listed.
<b>Exchange Traded Fund / ETF</b>	A fund whose units are listed on an exchange and can be bought/ sold at prices, which may be close to the NAV of the Scheme.
<b>Foreign Portfolio Investor or FPI</b>	FPI means a person who satisfies the eligibility criteria prescribed under Regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014.  Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
<b>NSE Indices Limited</b>	NSE Indices Ltd., a subsidiary of NSE Strategic Investment Corporation Limited.
<b>Investment Management Agreement / IMA</b>	Investment Management Agreement dated May 21, 2009, as amended from time to time, entered into between Motilal Oswal Trustee Company Ltd. (MOTC) and Motilal Oswal Asset Management Company Ltd. (MOAMC).

<b>Large Investor</b>	For the purpose of subscription and redemption of units of the Scheme directly with the Fund, Investors who deal in creation unit size other than Authorised Participant.
<b>Load</b>	In case of subscription, the amount paid by the prospective investors on purchase of a unit (Entry Load) in addition to the Applicable NAV and in case of redemption, the amount deducted from the Applicable NAV on the redemption of unit (Exit Load).  Presently, entry load cannot be charged by Mutual Fund scheme.
<b>Money market instruments</b>	Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, Tri-party repo (TREPS), certificate of deposit, usance bills and any other like instruments as specified by the RBI from time to time.
<b>Mutual Fund</b>	Motilal Oswal Mutual Fund (MOMF), a trust set up under the provisions of Indian Trust Act, 1882 and registered with SEBI vide Registration no. MF/063/09/04.
<b>NRI or Non Resident Indian</b>	A person resident outside India who is a citizen of India or is a person of Indian origin as per the meaning assigned to the term under the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
<b>Net Asset Value / NAV</b>	Net Asset Value per unit of the Scheme calculated in the manner described in this SID or as may be prescribed by the SEBI Regulations from time to time.
<b>Nifty Midcap 100 Index</b>	Nifty Midcap 100 Index means an Index owned and operated by NSE Indices Ltd.
<b>Person of Indian Origin</b>	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).
<b>Qualified Foreign Investor (QFI)</b>	Qualified Foreign Investor means a person who has opened a dematerialized account with a qualified depository participant as a qualified foreign investor.  Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
<b>Reserve Bank of India or RBI</b>	The Reserve Bank of India established under The Reserve Bank of India Act, 1934.
<b>Redemption/Repurchase</b>	Redemption of units of the Scheme as permitted under applicable regulations. Redemption of units of the Scheme as permitted

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<b>Registrar and Transfer Agent</b>	KFin Technologies Private Limited (previously known as Karvy Fintech Private Limited), Karvy Fintech Pvt. Ltd., registered under the SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993.
<b>Sale / Subscription</b>	Sale or allotment of units to the Unitholder upon subscription by the investor/applicant under the Scheme.
<b>Scheme</b>	Motilal Oswal Midcap 100 ETF (MOFM100).
<b>Scheme Information Document / SID</b>	This document issued by Motilal Oswal Mutual Fund for offering units of the Scheme.
<b>SEBI</b>	Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992 as amended from time to time.
<b>SEBI Regulations</b>	SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
<b>Sponsor</b>	Motilal Oswal Financial Services Limited (MOFSL)
<b>Statement of Additional Information / SAI</b>	The document issued by Motilal Oswal Mutual Fund containing details of Motilal Oswal Mutual Fund, its constitution and certain tax, legal and general information. SAI is legally a part of the SID.
<b>Tri-party Repo</b>	Repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.
<b>Tracking Error</b>	The extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Underlying Basket on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the Scheme, dividend payouts if any, all cash not invested at all times as it may keep a portion of funds in cash to meet redemption, purchase price different from the closing price of securities on the day of rebalance of Index, etc.
<b>Trustee</b>	Motilal Oswal Trustee Company Ltd. (MOTC), a Company incorporated under the Companies Act, 1956 and approved by SEBI to act as Trustee of the Schemes of Motilal Oswal Mutual Fund.
<b>Trust Deed</b>	The Deed of Trust dated May 29, 2009 made by and between the Sponsor and the Trustee Company establishing the Mutual Fund, as amended by Deed of First Variation dated December 7, 2009, Deed of Second Variation dated December 17, 2009 and Deed of Third Variation dated August 21, 2018.
<b>Unit</b>	The interest of Unitholder which consists of each unit representing one undivided share in the assets of the Scheme.
<b>Unitholder / Investor</b>	A person holding unit(s) in the Scheme of Motilal Oswal Mutual Fund offered under this SID.

**Interpretation:**

For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:

- all references to the masculine shall include feminine and all reference to the singular shall include plural and vice-versa.
- all references to Unit holders whether masculine or feminine include references to non-individuals unless repugnant to the context thereof.
- all references to “dollars” or “\$” refer to the Unites States Dollars and “Rs” refer to the Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.
- all references to timings relate to Indian Standard Time (IST).
- Headings are for ease of reference only and shall not affect the construction or interpretation of this Document.

## **E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- (ii) the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (iii) all legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iv) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the this Scheme.
- (v) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.
- (vi) the contents of the Scheme Information Document including figures, data, yields, etc. have been checked and are factually correct.

**For Motilal Oswal Asset Management Company Limited  
(Investment Manager for Motilal Oswal Mutual Fund)**

**Sd/-**

**Aparna Karmase**  
**Head – Compliance, Legal & Secretarial**  
**Place: Mumbai**

**Date: June 30, 2020**

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

An open ended scheme replicating/tracking Nifty Midcap 100 Index.

### B. INVESTMENT OBJECTIVE

The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of Nifty Midcap 100 Index (Underlying Index), subject to tracking error.

However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

### C. ASSET ALLOCATION

Under normal circumstances, the asset allocation pattern of the Scheme is as follows:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Securities constituting Nifty Free Float Midcap 100 Index	95	100	Medium to High
Debt and Money market instruments and cash at call	0	5	Low to Medium

The Scheme may take an exposure to equity derivatives of constituents of the Underlying Index for short duration when securities of the Index are unavailable, insufficient or for rebalancing at the time of change in Index or in case of corporate actions. When constituent's securities of underlying Index are available again, derivative positions in these securities would be unwound. The total exposure to derivatives would be restricted to 10% of the net assets of the Scheme. The margin paid for derivative instruments will form part of Debt and Money market Instruments.

### D. INVESTMENT BY THE SCHEME

#### Investment in Equity and equity related Instruments

The Scheme will invest in the securities which are constituents of Nifty Midcap 100 Index in the same proportion as in the Index. The investments restriction and the limits are specified in Schedule VII of SEBI (Mutual Funds) Regulations, 1996 which are mentioned in the section 'Investment Restrictions'.

#### Investment in Debt and Money market instruments

The Scheme may also invest in debt and money market instruments. The investment restrictions and the limits are specified in the Schedule VII of SEBI (Mutual Funds) Regulations, 1996 which are mentioned in the section 'Investment Restrictions'.

#### Investment in Derivatives

The Scheme may take an exposure to equity derivatives of constituents of the Underlying Index when securities of the Index are unavailable, insufficient or for rebalancing at the time of change in Index or in case of corporate actions, for a short period of time. The total exposure to derivatives would be restricted to 10% of the net assets of the Scheme.

The Scheme may use derivative instruments such as stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objective of the Scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the scheme's investment objective. Notwithstanding the pricing, they can help in reducing the Tracking Error in the Scheme. Index futures/options may avoid the need for trading in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the individual stocks. Index futures/options can also be helpful in reducing the transaction costs and the processing costs on account of ease of execution of one trade compared to several trades of shares comprising the Underlying Index and will be easy to settle compared to physical portfolio of shares representing the Underlying Index.

In case of investments in index futures/options, the risk/reward would be the same as investments in portfolio of shares representing an index. However, there may be a cost attached to buying an index future/option. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. This settlement risk is likely to be minimized if the exchange acts as the clearing corporation and the counter party, as is the practice in the developed markets. The Scheme will not maintain any leveraged or trading positions.

#### **Limit for investment in derivatives instruments**

In accordance with SEBI circulars nos. DNP/Cir-29/2005 dated September 14, 2005, DNP/Cir-30/2006 dated January 20, 2006 and SEBI/DNP/Cir-31/2006 dated September 22, 2006, and Cir/IMD/DF/11/2010 dated August 18, 2010 and SEBI Circular No. SEBI/HO/MRD/DP/CIR/P/2016/143 dated December 27, 2016, Circular no. SEBI/HO/IMD/DF2/CIR/P/2017/13 dated February 20, 2017, Circular no. SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017, Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/17 dated January 16, 2019 and such other amendments issued by SEBI from time to time, the following conditions shall apply to the Scheme's participation in the derivatives market. The investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

#### **i. Position limit for the Mutual Fund in index options contracts**

1. The Mutual Fund's position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all options contracts on a particular underlying index.

#### **ii. Position limit for the Mutual Fund in index futures contracts**

1. The Mutual Fund's position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per stock Exchange.
2. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**iii. Additional position limit for hedging for the Mutual Fund:**

In addition to the position limits at point (i) and (ii) above, the Mutual Fund may take exposure in equity index Derivatives subject to the following limits:

1. Short positions in index Derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Fund's holding of stocks.
2. Long positions in index Derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, Government Securities, T-Bills and similar instruments.

**iv. Position limit for the Mutual Fund for stock based derivative contracts:**

- The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts will be as follows :-
- The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

**v. Position limit for the Scheme:**

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of the Scheme shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a stock exchange.
3. For index based contracts, the Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

As and when SEBI amends the limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

**Definition of Exposure in case of Derivative Positions**

Each position taken in Derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain Derivative positions may theoretically have unlimited possible loss. Exposure in Derivative positions shall be computed as:

<b>Position</b>	<b>Exposure</b>
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought Contracts	Option Premium Paid * Lot Size * Number of

**Concepts and Examples:**

**Futures**

Futures (Index & Stocks) are forward contracts traded on the exchanges & have been introduced both by BSE and NSE. Currently futures of 1 month (near month), 2 months (next month) and 3 months (far month) are presently traded on these exchanges. These futures expire on the last working Thursday of the respective months.

**Illustration with Index Futures**

In case the Nifty near month future contract is trading at say, Rs. 9,600, and the fund manager has a view that it will depreciate going forward; the Scheme can initiate a sale transaction of Nifty futures at Rs. 9,610 without holding a portfolio of equity stocks or any other underlying long equity position.

Once the price falls to Rs. 9,500 after say, 20 days, the Scheme can initiate a square-up transaction by buying the said futures and book a profit of Rs. 110.

Correspondingly, if the fund manager has a positive view he can initiate a long position in the index / stock futures without an underlying cash/ cash equivalent subject to the extant regulations.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. The profitability of index /stock future as compared to an individual security will inter-alia depend upon:

- The Carrying cost,
- The interest available on surplus funds, and
- The transaction cost

**Example of a typical future trade and the associated costs:**

Particulars	Index Future	Actual Purchase of Stocks
Index at the beginning of the month	9,600	9,600
Price of 1 Month Future	9,620	-
A. Execution Cost: Carry and other index future costs	20	-
B. Brokerage Costs (0.05% of Index Future and 0.12% for spot stocks)	4.81	11.52
C. Gains on Surplus Funds: (Assumed 6.00% p.a. return on 85% of the money left after paying 15% margin)	40.325	0
( $6.00\% * 9600 * 85\% * 30 \text{days} / 365$ )		
Total Cost (A+B-C)	-15.51	11.52

**Few strategies that employ stock /index futures and their objectives:**

**A. Arbitrage**

1. Buying spot and selling future: Where the stock of a company “A” is trading in the spot market at Rs. 100 while it trades at Rs. 102 in the futures market, then the Scheme may buy the stock at spot and sell in the futures market thereby earning Rs. 2.

Buying the stock in cash market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts when there is a convergence between the cash market and the futures market. This convergence enables the Scheme to generate the arbitrage return locked in earlier.

2. Selling spot and buying future: In case the Scheme holds the stock of a company “A” at say Rs. 100 while in the futures market it trades at a discount to the spot price say at Rs. 98, then the Scheme may sell the stock and buy the futures.

On the date of expiry of the stock future, the Scheme may reverse the transactions (i.e. buying at spot & selling futures) and earn a risk-free Rs. 2 (2% absolute) on its holdings without any dilution of the view of the fund manager on the underlying stock.

Further, the Scheme can still benefit from any movement of the price in the upward direction, i.e. if on the date of expiry of the futures, the stock trades at Rs. 110 which would be the price of the

futures too, the Scheme will have a benefit of Rs. 10 whereby the Scheme gets the 10% upside movement together with the 2% benefit on the arbitrage and thus getting a total return of 12%. The corresponding return in case of holding the stock would have been 10%.

Note: The same strategy can be replicated with a basket of Nifty-50 stocks (Synthetic NIFTY) and the Nifty future index.

### **B. Buying/ Selling Stock future:**

When the Scheme wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, then the Scheme may just buy the futures contract instead of the spot thereby benefiting from a lower cost.

In case the Scheme has a bearish view on a stock which is trading in the spot market at Rs.98 and the futures market at say Rs. 100, the Scheme may subject to regulations, initiate a short position in the futures contract. In case the prices align with the view and the price depreciates to say Rs. 90, the Scheme can square up the short position thereby earning a profit of Rs.10 vis-a- vis a fall in stock price of Rs. 8.

### **C. Hedging:**

The Scheme may use exchange-traded derivatives to hedge the equity portfolio. Both index and stock futures and options may be used to hedge the stocks in the portfolio.

### **D. Alpha Strategy:**

The Scheme will seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying a bank stock and selling Bank Nifty future.

### **Risk associated with these strategies:**

1. Lack of opportunities
2. Inability of derivatives to correlate perfectly with underlying security and
3. Execution Risk, whereby ultimate execution takes place at a different rates than those devised by the strategy.

Execution of these strategies depends upon the ability of the fund manager to identify and execute based on such opportunities. These involve significant uncertainties and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

### **Option Contracts (Stock and Index)**

An Option gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed upon price during a certain period of time or on a specific date.

Options are used to manage risk or as an investment to generate income. The price at which underlying security is contracted to be purchased or sold is called the Strike Price.

Options that can be exercised on or before the expiration date are called American Options while, Options that can be exercised only on the expiration date are called European Options

### **Options Risk / Return Pay – off Table**

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	<b>Stock / Index Options</b>	<b>Buy Call</b>	<b>Sell Call</b>	<b>Buy Put</b>	<b>Sell Put</b>
<b>1.</b>	<b>View on Underlying</b>	Positive	Negative	Negative	Positive
<b>2.</b>	<b>Premium</b>	Pay	Receive	Pay	Receive
<b>3.</b>	<b>Risk Potential</b>	Limited to premium paid	Receive	Limited to premium paid	Receive
<b>4.</b>	<b>Return Potential</b>	Unlimited	Premium Received	Unlimited	Premium Received

Note: The above table is for the purpose of explaining concept of options contract. As per the current Regulations, the Scheme(s) cannot write option or purchase instrument with embedded write option.

### **Option contracts are of two types - Call and Put**

#### **Call Option:**

A call option gives the buyer, the right to buy specified quantity of the underlying asset at the set strike price on or before expiration date and the seller (writer) of call option however, has the obligation to sell the underlying asset if the buyer of the call option decides to exercise the option to buy.

#### **Put Option:**

A put option gives the buyer the right to sell specified quantity of the underlying asset at the set strike price on or before expiration date and the seller (writer) of put option however, has the obligation to buy the underlying asset if the buyer of the put option decides to exercise his option to sell.

### **Index Options / Stock Options**

Index options / Stock options are termed to be an efficient way of buying / selling an index/stock compared to buying / selling a portfolio of physical shares representing an index for ease of execution and settlement. The participation can be done by buying / selling either Index futures or by buying a call/put option.

The risk are also different when index /stock futures are bought/sold vis-a-vis index/ stocks options as in case of an index future there is a mark to market variation and the risk is much higher as compared to buying an option, where the risk is limited to the extent of premium paid.

In terms of provision of SEBI circular dated August 18, 2010, the Scheme shall not write options or purchase instruments with embedded written options.

The illustration below explains how one can gain using Index call / put option. These same principals of profit / loss in an Index option apply in Toto to that for a stock option.

#### **Call Option**

Suppose an investor buys a Call option on 1 lot of Nifty 50 (Lot Size: 75 units)

- Nifty index (European option)
- Nifty 1 Lot Size: 75 units
- Spot Price (S): 9600
- Strike Price (x): 9700 (Out-of-Money Call Option)
- Premium: 37

Total Amount paid by the investor as premium  $[75*37] = 2775$

There are two possibilities i.e. either the index moves up over the strike price or remains below the strike price.

### **Case 1- The index goes up**

- **An investor sells the Nifty Option described above before expiry:**

Suppose the Nifty index moves up to 9900 in the spot market and the premium has moved to Rs 250 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty call option as the option now is In the Money.

His gains are as follows:

- Nifty Spot: 9600
- Current Premium: Rs.250
- Premium paid: Rs.37
- Net Gain: Rs.250- Rs.37 = Rs.213 per unit
- Total gain on 1 lot of Nifty (75 units) = Rs.15,975 (75\*213)

In this case the premium of Rs.250 has an intrinsic value of Rs. 200 per unit and the remaining Rs. 50 is the time value of the option.

- **An investor exercises the Nifty Option at expiry**

Suppose the Nifty index moves up to 9800 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty call option as the option now is in the money.

His gains are as follows:

- Nifty Spot: 9800
- Premium paid: Rs.37
- Exercise Price: 9700
- Receivable on exercise: 9800-9700 = 100
- Total Gain: Rs. 4725 {(100-37)\*75}

In this case the realised gain is only the intrinsic value, which is Rs.100, and there is no time value.

### **Case 2 - The Nifty index moves to any level below 9700**

Then the investor does not gain anything but on the other hand his loss is limited to the premium paid: Net Loss is Rs.2775 (Loss is capped to the extent of Premium Paid) (Rs 37 Premium paid\*Lot Size: 75 units).

### **Put Option**

Suppose an investor buys a Put option on 1 lot of Nifty 50.

- Nifty 1 Lot Size: 75 units
- Spot Price (S): 9600
- Strike Price (x): 9500 (Out-of-Money Put Option)
- Premium: 40
- Total Amount paid by the investor as premium [75\*40] = 3000

There are two possibilities i.e. either the index moves over the strike price or moves below the strike price.

Let us analyze these scenarios.

### Case 1 - The index goes down

- **An investor sells the Nifty Option before expiry:**

Suppose the Nifty index moves down to 9400 in the spot market and the premium has moved to Rs. 140 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty Put Option as the option now is in the money. His gains are as follows:

- Nifty Spot: 9400
- Premium paid: Rs.40
- Net Gain: Rs.140 - Rs.40 = Rs.100 per unit
- Total gain on 1 lot of Nifty (75 units) = Rs.7500 (100\*75)

In this case the premium of Rs.140 has an intrinsic value of Rs. 100 per unit and the remaining Rs.40 is the time value of the option.

- **An investor exercises the Nifty Option at expiry (It is an European Option)**

Suppose the Nifty index moves down to 9400 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty Put Option as the option now is in the money.

His gains are as follows:

- Nifty Spot: 9400
- Premium paid: Rs.40
- Exercise Price: 9500
- Gain on exercise: 9500-9400 = 100
- Total Gain: Rs.4500 {(100-40)\*75}

In this case the realised amount is only the intrinsic value, which is Rs.100, and there is no time value in this case.

**Case 2 - If the Nifty index stays over the strike price which is 9500, in the spot market then the investor does not gain anything but on the other hand his loss is limited to the premium paid.**

- Nifty Spot: >9600
- Net Loss Rs.3000 (Loss is capped to the extent of Premium Paid) (Rs. 40 Premium paid\*Lot Size:75 units)

### **Risk Associated with these Strategies**

- The risk of mis-pricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

## **E. INVESTMENT STRATEGY**

The Scheme employs an investment approach designed to track the performance of Nifty Midcap 100 Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty Midcap 100 Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in debt and money market instruments to meet the liquidity and expense requirements. The Scheme may also take exposure in derivative instruments for short duration when securities of the Underlying Index are not

readily available in needed quantities within the required time frame, or for rebalancing at the time of change in Underlying Index or in case of corporate actions.

### **Risk Mitigation and Portfolio Diversification**

The Nifty Midcap 100 index consists of 100 midcap constituents and uses free float market capitalization method to allocate capital. This ensures that the index is well diversified. Free float based capital allocation ensures that due consideration is given to liquidity of underlying constituents. Currently the highest capital allocation made in the index is less than 4%.

### **Risk Control**

Risk is an inherent part of the investment function. Effective Risk management is critical to fund management for achieving financial soundness. Investment by the Scheme would be made as per the investment objective of the Scheme and in accordance with SEBI Regulations. AMC has adequate safeguards to manage risk in the portfolio construction process. Risk control would involve managing risk in order to keep in line with the investment objective of the Scheme. The risk control process would include identifying the risk and taking proper measures for the same. Further, AMC has implemented Bloomberg Portfolio Order Management System as the Front Office System for managing risk. The system has incorporated all the investment restrictions as per the SEBI guidelines and enables identifying and measuring the risk through various risk management tools like various portfolio analytics, risk ratios, average duration and analyses the same and acts in a preventive manner.

### **Portfolio Turnover**

Portfolio Turnover is defined as the lower of sales or purchase divided by the average corpus during a specified period of time. Generally, Portfolio Turnover would depend upon the rebalancing of the portfolio due to change in composition of the Index or due to corporate actions of the securities constituting the Index.

### **Investment by AMC/Sponsor in the Scheme**

In accordance with Regulation 28(4) of SEBI (Mutual Funds) (Amendment) Regulations, 2014 the Sponsor or AMC shall invest not less than 1 % of the amount raised in the NFO or fifty lakh rupees, whichever is less, in the growth option of the scheme and such investment shall not be redeemed unless the scheme is wound up.

In addition to investments as mandated under Regulation 28(4) of the Regulations as mentioned above, the AMC may invest in the Scheme during the continuous offer period subject to the SEBI (MF) Regulations.

### **Securities Lending**

Securities Lending is lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

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

The maximum exposure of each Scheme to a single intermediary in the stock lending programme at any point of time would be limited to 50% of the market value of its equity portfolio or upto such limits as may be specified by SEBI. Each Scheme will not lend more than 75% of its corpus.

### **Tracking Error**

Tracking error is defined as the standard deviation of the difference between the daily returns of the Underlying Index and the NAV of the Scheme. Theoretically, the corpus of the Scheme has to be fully invested in the securities comprising the Underlying Index in the same proportion of weightage as the securities have in the Underlying Index. However, it is not possible to invest as per the objective due to reason that the Scheme has to incur expenses, corporate actions pertaining to the Basket including changes to the constituents, regulatory policies, ability of the Fund Manager to closely replicate the Underlying Index, etc. The Scheme's returns may therefore deviate from those of its Underlying Basket. Tracking Error may arise due to the following reasons:-

1. Fees and expenses of the Scheme.
2. Cash balance held by the Scheme due to dividend received, subscriptions, redemption, etc.
3. Halt in trading on the stock exchange due to circuit filter rules.
4. Corporate actions
5. The Scheme has to invest in the securities in whole numbers and has to round off the quantity of securities shares.
6. Dividend payout.
7. Changes in the constituents of the underlying Basket. Whenever there are any changes, the Scheme has to reallocate its investment as per the revised Basket but market conditions may not offer an opportunity to rebalance its portfolio to match the Basket and such delay may affect the NAV of the Scheme.
8. Lack of Liquidity

The AMC would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal market circumstances, such tracking error is not expected to exceed by 2% p.a. However, in case of events like, dividend issuance by constituent members, rights issuance by constituent members, and market volatility during rebalancing of the portfolio following the rebalancing of the Underlying Index, etc. or in abnormal market circumstances, the tracking error may exceed the above limits. There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

## **F. FUNDAMENTAL ATTRIBUTES**

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

- (i) Type of a Scheme: An open Ended scheme replicating/tracking Nifty Midcap 100 Index.
- (ii) Investment Objective:
  - Investment Objective: Please refer to section 'Investment Objective'.
  - Investment pattern - Please refer to section 'Asset Allocation'.
- (iii) Terms of Issue: Provisions with respect to listing, repurchase, redemption, fees and expenses are mentioned in the SID.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the

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*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder 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
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

#### G. BENCHMARK INDEX

The performance of the Scheme will be benchmarked to Nifty Midcap 100 Index – TRI. As the Scheme is an Index Scheme and would invest in securities constituting Nifty Free Float Midcap 100 Index, the said index is an appropriate benchmark for the Scheme.

The Trustees reserves the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objective and appropriateness of the benchmark subject to SEBI Regulations and other prevailing guidelines, if any. Total Return variant of the index (TRI) will be used for performance comparison.

Note: The name of benchmark has been changed from Nifty Free Float Midcap 100 Index to Nifty Midcap 100 Index with effect from April 2, 2018.

#### H. FUND MANAGER

Name and Designation of the fund manager	Age and Qualification	Other schemes managed by the fund manager and tenure of managing the schemes	Experience
Mr. Swapnil Mayekar Fund Manager	Age: 35 years  Qualification: Master of Commerce (Finance Management)	<b>Fund Manager -</b> Motilal Oswal Nasdaq 100 Fund of Fund, Motilal Oswal Nifty Bank Index Fund, Motilal Oswal Nifty 500 Fund, Motilal Oswal Nifty Midcap 150 Index Fund, Motilal Oswal Nifty Smallcap 250 Index Fund, Motilal Oswal Midcap 50 ETF  <b>Tenure:</b> 10 months	Swapnil has over 12 years of experience in the fund management and product development. <ul style="list-style-type: none"> <li>• Motilal Oswal Asset Management Company Ltd. from March 2010 onwards</li> <li>• Business Standard, Research Associate from August 2005 to February 2010.</li> </ul>

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

## I. INVESTMENT RESTRICTIONS

The following are the investment restrictions as contained in the Seventh Schedule and amendments thereof to SEBI (MF) Regulations which are applicable to the Scheme at the time of making investments:

1. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided that a Mutual Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the SEBI:

Provided further that a Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the SEBI:

Provided further that sale of Government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

2. The Mutual Fund shall get the securities purchased or transferred in the name of the Mutual Fund on account of the concerned scheme, wherever investments are intended to be of long-term nature.
3. The Mutual Fund under all its schemes shall not own more than ten per cent of any company's paid up capital carrying voting rights.
4. Transfers of investments from one scheme to another scheme in the same Mutual Fund shall be allowed only if,
  - (a) such transfers are done at the prevailing market price for quoted instruments on spot basis.  
[Explanation - "Spot basis" shall have same meaning as specified by stock exchange for spot transactions;]
  - (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
5. The Scheme may invest in another scheme under the same asset management company or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the Mutual Fund. Provided that this clause shall not apply to any fund of funds scheme.
6. Pending deployment of funds of a Scheme in terms of investment objectives of the Scheme, the Mutual Fund may invest the funds of the scheme in short-term deposits of scheduled commercial banks, subject to the following guidelines issued by SEBI and as may be amended from time to time.

Pursuant to the SEBI Circular No. SEBI/IMD/CIR No. 1/ 91171 /07 dated April 16, 2007 read with SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/093 dated August 16, 2019, where the cash in the scheme is parked in short term deposits of Scheduled Commercial Banks pending deployment, the scheme shall abide by the following guidelines:

- (a) "Short Term" for such parking of funds by the Scheme shall be treated as a period not exceeding 91 days. Such short-term deposits shall be held in the name of the Scheme.
  - (b) The Scheme shall not park more than 15% of net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustees.
  - (c) Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  - (d) The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - (e) The Scheme shall not park funds in short term deposit of a bank which has invested in that Scheme. Trustees/AMCs shall also ensure that the bank in which a scheme has STD do not invest in the said scheme until the scheme has STD with such bank
  - (f) The AMC will not charge any investment management and advisory fees for funds under a Plan parked in short term deposits of scheduled commercial banks.
  - (g) The above provisions will not apply to term deposits placed as margins for trading in cash and derivatives market.
7. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 12% of the NAV with prior approval of the Board of Trustees and Board of the AMC.

Provided that such limit shall not be applicable for investment in government securities, treasury bills and collateralized borrowing and lending obligations.

Provided further that investments within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

Provided further that the schemes already in existence shall with an appropriate time and in the manner, as may be specified by the Board, conform to such limits.

8. A mutual fund scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments.

Provided that Mutual Fund Schemes may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to such conditions as may be specified by the Board from time to time:

Provided further that mutual fund schemes shall comply with the norms under this clause within the time and in the manner as may be specified by the Board.

Provided further that the norms for investments by mutual fund schemes in unrated debt instruments shall be specified by the Board from time to time.

9. In terms of SEBI circular dated October 01, 2019, Mutual fund scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.



However, mutual fund schemes may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio and as per respective investment limits and timelines mentioned by SEBI from time to time, subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

For the purpose listed debt instruments shall include listed and to be listed debt instruments.

All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed.

10. Investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following:
  - a) Investments should only be made in such instruments, including bills rediscounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
  - b) Exposure of mutual fund schemes in such instruments, shall not exceed 5% of the net assets of the schemes.
  - c) All such investments shall be made with the prior approval of the Board of MC and the Board of trustees

11. Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements:

The investment of mutual fund schemes in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:

- a) Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and
- b) Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.

For the purpose of this provision, 'Group' shall have the same meaning as defined in paragraph B(3)(b) of SEBI Circular no. SEBI/ HO/ IMD/ DF2/ CIR/P/ 2016/ 35 dated February 15, 2016.

Investment limits as mentioned above shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations 2008.

Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

AMC may ensure that the investment in debt instruments having credit enhancements are sufficiently covered to address the market volatility and reduce the inefficiencies of invoking of the pledge or cover, whenever required, without impacting the interest of the investors. In case

of fall in the value of the cover below the specified limit, necessary steps may be initiated to ensure protection of the interest of the investors.

12. The Scheme shall not make any investment 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 which is in excess of 25 per cent of the net assets.
13. The Scheme shall not make any investment in any fund of funds Scheme.
14. The Scheme shall not invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company. **Provided** that, the limit of 10 per cent shall not be applicable for investments in case of index fund or sector or industry specific scheme.
15. The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended scheme and 10% of its NAV in case of close ended scheme.
16. The Mutual Fund may borrow to meet liquidity needs, for the purpose of repurchase, redemption of units or payment of interest or dividend to the Unitholders and such borrowings shall not exceed 20% of the net asset of the Scheme and duration of the borrowing shall not exceed 6 months. The Mutual Fund may borrow from permissible entities at prevailing market rates and may offer the assets of the Mutual Fund as collateral for such borrowing.
17. No sponsor of a mutual fund, its associate or group company including the asset management company of the fund, through the schemes of the mutual fund or otherwise, individually or collectively, directly or indirectly, have –
  - a. 10% or more of the share-holding or voting rights in the asset management company or the trustee company of any other mutual fund; or
  - b. representation on the board of the asset management company or the trustee company of any other mutual fund.
18. No term loans will be advanced by the Scheme.
19. The Scheme will comply with any other Regulations applicable to the investments of Mutual Funds from time to time.

All investment restrictions shall be applicable at the time of making investments. The AMC/ Trustees from time to time may alter these investment restrictions in conformity with the SEBI Regulations, so as to permit the Scheme to make its investments in the full spectrum of permitted investments to achieve its investment objective.

## **J. SCHEME PERFORMANCE**

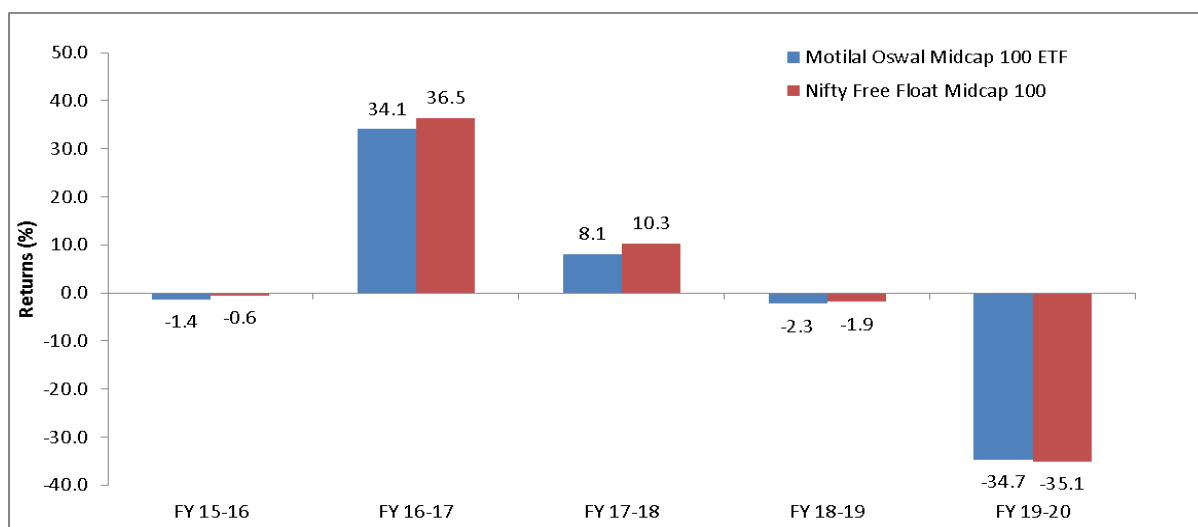
Performance of the Scheme as on May 31, 2020:

Compounded Returns	Annualised	Scheme Returns (%)	Benchmark Returns (%)
		MOFM100	Nifty Midcap 100 TRI

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Returns for the last 1 year	-24.78	-25.18
Returns for the last 3 year	-8.36	-7.88
Returns for the last 5 year	0.43	1.28
Returns since inception *	6.28	7.00

### Absolute Returns for each financial year for the last 5 years



Note: \*Returns more than 1 year are compounded annualized and date of inception is deemed to be date of allotment. Date of Allotment is January 31, 2011. Performance is for Growth option. Past performance may or may not be sustained in future.

## K. ABOUT NIFTY MIDCAP 100 INDEX

### Objective

The medium capitalised segment of the stock market is being increasingly perceived as an attractive investment segment with high growth potential. The primary objective of the Nifty Midcap 100 Index is to capture the movement and be a benchmark of the midcap segment of the market.

### Method of Computation

Nifty Midcap 100 Index is computed using free float market capitalization weighted method w.e.f. February 26, 2010, wherein the level of the index reflects the free float market value of all the stocks in the index relative to a particular base period. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, etc. without affecting the index value.

### Base Date and Value

The Nifty Midcap 100 Index has a base date of Jan 1, 2003 and a base value of 1000.

### Criteria for Selection of Constituent Stocks

The constituents and the criteria for the selection judge the effectiveness of the index. Selection of the index set is based on the following criteria:

- All the stocks, which constitute more than 5% market capitalization of the universe (after sorting the securities in descending order of market capitalization), shall be excluded in order to reduce the skewness in the weightages of the stocks in the universe.
- After step (a), the weightages of the remaining stocks in the universe is determined again.
- After step (b), the cumulative weightage is calculated.
- After step (c) companies which form part of the cumulative percentage in ascending order unto first 75 percent (i.e. upto to 74.99 percent) of the revised universe shall be ignored.

- After, step (d), all the constituents of Nifty 50 shall be ignored.
- After step (e), companies with the range beyond 75th percentile shall be ranked in the descending order of aggregate turnover for the last six months.
- From the universe of companies remaining after step (e) i.e. 75th percent and above, first 100 companies in terms of highest market capitalization, shall constitute the Nifty Free Float Midcap 100 Index subject to fulfillment of the criteria mentioned below.

### Trading Interest

All constituents of the Nifty Midcap 100 Index must have a minimum listing record of 6 months. In addition, all candidates for the Index are also evaluated for trading interest, in terms of volumes and trading frequency.

### Financial Performance

All companies in the Nifty Midcap 100 Index have a minimum track record of three years of operations with a positive net worth.

### Others

A company which comes out with an IPO will be eligible for inclusion in the index, if it fulfils the normal eligibility criteria for the index for a 3 month period instead of a 6 month period.

### Constituents and their weightage (As on May 31, 2020)

Security Name	Weightage	Security Name	Weightage
Info Edge (India) Limited	3.49%	Amara Raja Batteries Limited	0.94%
Indraprastha Gas Limited	3.08%	Dalmia Bharat Limited	0.92%
Tata Consumer Products Limited	2.85%	Jindal Steel & Power Limited	0.90%
Apollo Hospitals Enterprise Limited	2.43%	IDFC First Bank Limited	0.85%
Jubilant Foodworks Limited	2.36%	Emami Limited	0.77%
MRF Limited	2.31%	Mahindra & Mahindra Financial Services Limited	0.77%
Torrent Pharmaceuticals Limited	2.16%	GMR Infrastructure Limited	0.77%
Voltas Limited	2.07%	Syngene International Limited	0.74%
PI Industries Limited	1.94%	Ajanta Pharma Limited	0.72%
IPCA Laboratories Limited	1.90%	Aditya Birla Fashion and Retail Limited	0.71%
City Union Bank Limited	1.86%	Sun TV Network Limited	0.71%
SRF Limited	1.79%	Oberoi Realty Limited	0.69%
Muthoot Finance Limited	1.74%	MindTree Limited	0.68%
Max Financial Services Limited	1.74%	CESC Limited	0.68%
Crompton Greaves Consumer Electricals Limited	1.73%	Bharat Heavy Electricals Limited	0.67%
Alkem Laboratories Limited	1.71%	Jubilant Life Sciences Limited	0.64%
The Federal Bank Limited	1.67%	Apollo Tyres Limited	0.61%
Balkrishna Industries Limited	1.63%	Steel Authority of India Limited	0.58%
REC Limited	1.53%	L&T Technology Services Limited	0.57%

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Bharat Forge Limited	1.53%	Nippon Life India Asset Management Limited	0.55%
The Ramco Cements Limited	1.51%	Hexaware Technologies Limited	0.54%
Bata India Limited	1.49%	Oil India Limited	0.53%
Mphasis Limited	1.43%	V-Guard Industries Limited	0.51%
Larsen & Toubro Infotech Limited	1.40%	Godrej Industries Limited	0.50%
Exide Industries Limited	1.39%	Adani Power Limited	0.50%
Bharat Electronics Limited	1.38%	National Aluminium Company Limited	0.49%
LIC Housing Finance Limited	1.35%	Endurance Technologies Limited	0.47%
AU Small Finance Bank Limited	1.33%	Edelweiss Financial Services Limited	0.45%
Coromandel International Limited	1.30%	Aditya Birla Capital Limited	0.43%
Manappuram Finance Limited	1.28%	Prestige Estates Projects Limited	0.36%
TVS Motor Company Limited	1.28%	Engineers India Limited	0.36%
Rajesh Exports Limited	1.23%	Indiabulls Ventures Limited	0.34%
Tata Power Company Limited	1.18%	Sterlite Technologies Limited	0.33%
Escorts Limited	1.18%	Canara Bank	0.32%
Pfizer Limited	1.17%	Bombay Burmah Trading Corporation Limited	0.31%
Godrej Properties Limited	1.16%	JSW Energy Limited	0.31%
Whirlpool of India Limited	1.15%	Future Retail Limited	0.27%
Fortis Healthcare Limited	1.12%	Graphite India Limited	0.23%
Varun Beverages Limited	1.09%	HEG Limited	0.22%
RBL Bank Limited	1.06%	Godrej Agrovet Limited	0.21%
Gujarat State Petronet Limited	1.06%	NBCC (India) Limited	0.20%
Castrol India Limited	1.04%	PNB Housing Finance Limited	0.19%
Mahanagar Gas Limited	1.04%	Bank of India	0.17%
The Indian Hotels Company Limited	1.02%	Quess Corp Limited	0.17%
Torrent Power Limited	1.00%	Union Bank of India	0.17%
Glenmark Pharmaceuticals Limited	0.99%	Future Consumer Limited	0.11%
Natco Pharma Limited	0.98%	Mangalore Refinery and Petrochemicals Limited	0.10%
Cholamandalam Investment and Finance Company Limited	0.97%	Housing & Urban Development Corporation Limited	0.09%
Cummins India Limited	0.95%	IDBI Bank Limited	0.08%
Indian Bank	0.07%	Indian Bank	0.05%
CBLO / Reverse Repo Investments	0.22%	Net Receivable/Payable	0.21%
<b>Total</b>			<b>100%</b>

**L. ADDITIONAL DISCLOSURES AS PER SEBI CIRCULAR DATED MARCH 18, 2016****A. Scheme's Portfolio Holdings**

The top 10 portfolio holdings of the Scheme as on May 31, 2020 are as follows:

<b>Sr. No.</b>	<b>Name of the Issuer</b>	<b>% to Net Assets</b>
1.	Info Edge (India) Limited	3.49
2.	Indraprastha Gas Limited	3.08
3.	Tata Consumer Products Limited	2.85
4.	Apollo Hospitals Enterprise Limited	2.43
5.	Jubilant Foodworks Limited	2.36
6.	MRF Limited	2.31
7.	Torrent Pharmaceuticals Limited	2.16
8.	Voltas Limited	2.07
9.	PI Industries Limited	1.94
10.	IPCA Laboratories Limited	1.90

**B. Sector Allocation of the Scheme**

Sector Allocation as on May 31, 2020 of the scheme as recommended by AMFI is as follows:

<b>Sectors</b>	<b>Percent Exposure</b>
Financial Services	19.01
Consumer Goods	17.35
Pharmaceutical	11.02
Automobile	9.86
IT	8.11
Oil & Gas	6.85
Industrial Manufacturing	6.76
Power	3.66
Healthcare Services	3.55
Construction	3.54
Fertilisers & Pesticides	3.24
Cement & Cement Products	2.43
Metals	1.97
Services	1.19
Media & Entertainment	0.71
Telecom	0.33
Others	0.22
Cash & Cash Equivalent:	0.21
<b>Total</b>	<b>100</b>

The Mutual Fund will disclose the portfolio of the Scheme as on the last day of the month on AMC's website ([www.motilaloswalmf.com](http://www.motilaloswalmf.com) and [www.mostshares.com](http://www.mostshares.com)) on or before the tenth day of the succeeding month. The Investors will be able to view and download this monthly portfolio from the AMC's website on the following link <http://motilaloswalmf.com/downloads/mutual-fund/Month-End-Portfolio>.

### C. Scheme's Portfolio Turnover Ratio

The Portfolio Turnover Ratio of the Scheme as on May 31, 2020 is 0.22.

### D. Illustration of Impact of expense ratio on the returns of the Scheme

Particulars	Amount (Rs.)
Invested amount	10,000
Annualised scheme performance	10%
Net Assets before expenses	11,000
Annualised expense ratio	1%
Net Assets after expenses	10,890
Return on invested amount before expenses	1,000
Return on invested amount after expenses	890
Return on invested amount before expenses (%)	10.00%
Return on invested amount after expenses (%)	8.90%

Please Note:

- The purpose of the above illustration is purely to explain the impact of expense ratio charged to the Scheme and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- It is assumed that the expenses charged are evenly distributed throughout the year. The expenses of the Direct Plan under the Scheme may vary with that of the Regular Plan under the Scheme.
- Calculations are based on assumed NAVs, and actual returns on your investment may be more, or less.
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to consult his or her own financial advisor.

### E. Investment Disclosure

The aggregate investment in the Scheme by the following as on May 31, 2020 is as follows:

Categories	Amount (Rs.)
Directors of AMC	NIL
Fund Manager of the Scheme	NIL
Key Managerial Personnel	2,71,330.34
Other Key Managerial Personnel	2,71,330.34
Sponsor, Group and Associates	1,18,45,454.48

### Differentiation of MOFM100 with other existing schemes of Motilal Oswal Mutual Fund

The following table shows the differentiation of the existing schemes with the existing Schemes of Motilal Oswal Mutual Fund:

Name of the Scheme	Investment Objective	Asset Allocation	Product Differentiation	Asset Under Management (Rs. In Crores) (As on May 31, 2020)	Number of Folio's (As on As on May 31, 2020)
Motilal Oswal	The Scheme seeks	The Scheme would	MOFNIFTY500 is	39.69	12,402

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

Nifty 500 Fund (MOFNIFTY500)	investment return that corresponds to the performance of Nifty 500 Index subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	invest 95% minimum to 100% maximum in Equity and equity related securities covered by Nifty 500 Index and 0-5% in Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc.	an open ended scheme replicating/tracking Nifty 500 Index		
Motilal Oswal Nifty Bank Index Fund (MOFNIFTYBANK)	The Scheme seeks investment return that corresponds to the performance of Nifty Bank Index subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The Scheme would invest 95% minimum to 100% maximum in Equity and equity related securities covered by Nifty Bank Index and 0-5% in Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc.	MOFNIFTYBANK is an open ended scheme replicating / tracking Nifty Bank Index	40.37	13,017
Motilal Oswal Nifty Midcap 150 Index Fund (MOFMIDCAP)	The Scheme seeks investment return that corresponds to the performance of Nifty Midcap 150 Index subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The Scheme would invest 95% minimum to 100% maximum in Equity and equity related securities covered by Nifty Midcap 150 Index and 0-5% in Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc.	MOFMIDCAP is an open ended scheme replicating / tracking Nifty Midcap 150 Index	44.64	5,729
Motilal Oswal Nifty Smallcap 250 Index Fund (MOFSMALLCAP)	The Scheme seeks investment return that corresponds to the performance of Nifty Smallcap 250 Index subject to tracking error. However, there can be no assurance or	The Scheme would invest 95% minimum to 100% maximum in Equity and equity related securities covered by Nifty Smallcap 250 Index and 0-5% in Debt, Money Market	MOFSMALLCAP is an open ended scheme replicating/tracking Nifty Smallcap 250 Index	25.24	4,920

SID of Motilal Oswal Midcap 100 ETF (MOFM100)



	guarantee that the investment objective of the Scheme would be achieved.	Instruments, G-Secs, Cash and Cash at call, etc.			
Motilal Oswal Nifty 50 Index Fund (MOFNIFTY50)	The Scheme seeks investment return that corresponds to the performance of Nifty 50 Index subject to tracking error.  However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The Scheme would invest 95% minimum to 100% maximum in Equity and equity related securities covered by Nifty 50 Index and 0-5% in Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc.	MOFNIFTY50 is an open ended scheme replicating / tracking Nifty 50 Index)	37.78	9,735
Motilal Oswal Nifty Next 50 Index Fund (MOFNEXT50)	The Scheme seeks investment return that corresponds to the performance of Nifty Next 50 Index subject to tracking error.  However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The Scheme would invest 95% minimum to 100% maximum in Equity and equity related securities covered by Nifty Next 50 Index and 0-5% in Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc.	MOFNEXT50 is an open ended scheme replicating / tracking Nifty Next 50 Index	32.16	5,571
Motilal Oswal M50 ETF (MOFM50)	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the Nifty 50 TRI (Underlying Index), subject to tracking error.  However, there can be no assurance or guarantee that the investment	The Scheme would invest at least 95% in the securities constituting Nifty 50 and the balance in debt and money market instruments and cash at call.	MOFM50 is an open ended scheme replicating Nifty 50 which invests in securities constituting Nifty 50.	24.13	3,353

	objective of the Scheme would be achieved.				
Motilal Oswal NASDAQ 100 ETF (MOFN100)	<p>The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 TRI, subject to tracking error.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>The Scheme would invest at least 95% in the securities constituting NASDAQ-100 and the balance in Overseas Debt and Money market instruments and cash at call, mutual fund schemes or exchange traded funds based on NASDAQ-100</p>	<p>The Scheme will invest in the securities which are constituents of NASDAQ-100 in the same proportion as in the Index.</p>	905.78	14,717
Motilal Oswal Focused 25 Fund (MOF25)	<p>The investment objective of the Scheme is to achieve long term capital appreciation by investing in upto 25 companies with long term sustainable competitive advantage and growth potential.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>The scheme would invest 65% in equity and equity related instruments from Top 100 listed companies by market capitalization and upto 35% in equity and equity related instruments other than Top 100 listed companies by market capitalization and 10% in debt, money market instruments, G-secs, Bonds, cash and cash equivalents, etc or 10% in units of REITs and InvITs *subject to overall limit of 25 companies</p>	<p>The Scheme is an open ended equity scheme investing in maximum 25 stocks intending to focus on Large Cap stocks with an investment objective to achieve long term capital appreciation by investing in upto 25 companies with long term sustainable competitive advantage and growth potential. The asset allocation of the Scheme is investing upto 65% in equity and equity related instruments from Top 100 listed companies by market capitalization and upto 35% in equity and equity related instruments other than Top 100 listed</p>	1,122.03	62,810

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			companies by market capitalization and 10% in debt, money market instrument, G-secs, Bonds, cash and cash equivalent, etc. or 10% in units of REITs and InvITs		
Motilal Oswal Ultra Short Term Fund (MOFUSTF)	The investment objective of the Scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The Scheme would invest in Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments with portfolio Macaulay# duration between 3 months and 6 months* or 10% in units of REITs and InvITs *Though the Macaulay duration of the portfolio would be between 3 months and 6 months, individual security duration will be less than equal to 12 months. #The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.	The Scheme is an open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months which will invest in Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments with portfolio Macaulay# duration between 3 months and 6 months* or 10% in units of REITs and InvITs.	41.87	4,447
Motilal Oswal Midcap 30 Fund (MOF30)	The investment objective of the Scheme is to achieve long term capital appreciation by	The Scheme would invest at least 65% in Equity and equity related instruments* selected between Top 101 <sup>st</sup> and 250 <sup>th</sup>	The Scheme is An open ended equity scheme predominantly investing in mid cap stocks with	1,364.39	58,546

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	<p>investing in a maximum of 30 quality mid-cap companies having long-term competitive advantages and potential for growth.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>listed companies by full market capitalization and upto 35% in Equity and equity related instruments* other than Top 101<sup>st</sup> and 250<sup>th</sup> listed companies by full market capitalization and 10% in Debt, Money Market Instruments, G-Sec, Bonds, Cash and cash equivalents, etc. or 10% in Units issued by REITs and InvITs. *subject to overall limit of 30 companies</p>	<p>investment objective to achieve long term capital appreciation by investing at least 65% in Equity and equity related instruments* selected between Top 101<sup>st</sup> and 250<sup>th</sup> listed companies by full market capitalization and upto 35% in Equity and equity related instruments* other than Top 101<sup>st</sup> and 250<sup>th</sup> listed companies by full market capitalization and 10% in Debt, Money Market Instruments, G-Sec, Bonds, Cash and cash equivalents, etc. or 10% in Units issued by REITs and InvITs. *subject to overall limit of 30 companies in 65-100% in Equity and equity related instruments*</p>		
Motilal Oswal Multicap 35 Fund (MOF35)	<p>The investment objective of the Scheme is to achieve long term capital appreciation by primarily investing in a maximum of 35 equity &amp; equity related instruments across sectors and market-capitalization levels. However, there can be no assurance or guarantee that the investment</p>	<p>The scheme would invest 65% to 100% in Equity and equity related instruments and balance up to 35% in debt instruments, Money Market Instruments, G-Secs, Cash and cash equivalents. *subject to overall limit of 35 securities</p>	<p>The scheme is an open ended equity scheme investing across large cap, mid cap, small cap stocks which with an objective to achieve long term capital appreciation by investing in securities across sectors and market capitalization levels.</p>	9,830.27	485,125

	objective of the Scheme would be achieved.				
Motilal Oswal Long Term Equity Fund (MOFLTE)	The investment objective of the scheme is to generate long term capital appreciation from a diversified portfolio of predominantly equity and equity related instruments. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The scheme would invest 80% to 100% in Equity and equity related instruments and balance up to 20% in debt instruments, Money Market Instruments, G-Secs, Cash and cash at call, etc.	The scheme is an open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit with an objective to generate long term capital appreciation.	1,385.75	2,24,188
Motilal Oswal Dynamic Fund (MOFDYNA MIC)	The investment objective is to generate long term capital appreciation by investing in equity and equity related instruments including equity derivatives, debt, money market instruments and units issued by REITs and InvITs. However, there can be no assurance or guarantee that the investment Objective of the Scheme would be achieved.	The scheme would invest 65% to 100% in Equity and equity related instruments including 0 - 35 % in equity derivatives and up to 0-35% in Debt Instruments, Money Market Instruments, G-Secs, Cash and cash at call, etc. or 10% in Units issued by REITs and InvITs.	The scheme shall change its allocation between equity, derivatives and debt, based on MOVI.	1,062.48	39,358
Motilal Oswal Equity Hybrid Fund	The investment objective is to generate equity linked returns by investing in a combined portfolio of equity and equity related	The scheme would invest 65% to 80% in Equity and equity related instruments and balance up to 35% in debt instruments, Money Market Instruments,	The scheme is an open ended hybrid scheme investing predominantly in equity and equity related instruments with an objective to generate equity	305.51	22,177

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	<p>instruments, debt, money market instruments and units issued by Real Estate Investment Trust (REIT) &amp; Infrastructure Investment Trust (InvIT).</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>G-Secs, Cash and cash equivalents. or 10% in Units issued by REITs and InvITs.</p>	<p>linked returns</p>		
<p>Motilal Oswal Liquid Fund</p>	<p>The investment objective of the Scheme is to generate optimal returns with high liquidity to the investors through a portfolio of money market securities.</p> <p>However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved</p>	<p>The Scheme would invest in money market securities.</p>	<p>The scheme is an open ended liquid fund investing in money market securities with an objective to generate optimal returns with high liquidity</p>	<p>609.76</p>	<p>10,060</p>
<p>Motilal Oswal Nasdaq 100 Fund of Fund</p>	<p>The investment objective of the Scheme is to seek returns by investing in units of Motilal Oswal Nasdaq 100 ETF.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>The scheme would invest 95% to 100% in Units of Motilal Oswal Nasdaq 100 ETF and balance up to 5% in Units of liquid/ debt schemes, Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc.</p>	<p>An open ended fund of fund scheme investing in Motilal Oswal Nasdaq 100 ETF</p>	<p>526.23</p>	<p>48,030</p>

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

<p>Motilal Oswal Large and Midcap Fund (MOFLM)</p>	<p>The investment objective is to provide medium to long-term capital appreciation by investing primarily in Large and Midcap stocks.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>The scheme would invest in 35% – 65% in equity and Equity related instruments of Large cap companies and in Equity and Equity related instruments of Mid cap companies and 0-30% in Equity and Equity related instruments of other than above and in Units of liquid/ debt schemes, Debt, Money Market Instruments, G-Secs, Cash and Cash at call, etc. and 0-10% in Units issued by REITs and InvITs</p>	<p>MOFLM is an open ended equity scheme investing in both large cap and mid cap stocks</p>	<p>405.53</p>	<p>34,715</p>
<p>Motilal Oswal S&amp;P 500 Index Fund</p>	<p>The Scheme seeks investment return that corresponds to the performance of S&amp;P 500 Index subject to tracking error.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>	<p>The scheme would invest in 95%-100% in Equity and equity related securities covered by S&amp;P 500 Index and 0-5% in Debt and Money market instruments, overseas mutual fund schemes or exchange traded funds</p>	<p>An open ended scheme replicating / tracking S&amp;P 500 Index</p>	<p>198.17</p>	<p>53,642</p>

### **III. UNITS AND OFFER**

This section provides details you need to know for investing in the Scheme.

#### **A. NEW FUND OFFER (NFO)**

This section is not applicable as there is Continuous offer of Units of the Scheme at NAV based prices.



## B. ONGOING OFFER DETAILS

<p><b>Ongoing Offer Period</b> This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Ongoing Offer for the Scheme commenced on February 4, 2011.</p>
<p><b>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the Mutual Fund) by investors</b></p> <p>This is the price you need to pay for purchase/switch-in.</p>	<p><b>On the Exchange :</b> As the Scheme is listed on the exchange, the investor can buy units on an ongoing basis on the National Stock Exchange of India Ltd. (NSE) / BSE Ltd. (BSE) at the traded prices which may be close to the actual NAV of the Scheme. The units are purchased in round lots of 1 unit.</p> <p><b>Directly with the Mutual Fund :</b> The authorized participant/large investor can subscribe the units of the Scheme directly with the Mutual Fund only in creation unit size at the applicable NAV of the Scheme. The number of units of the Scheme that authorized participant/large investor can subscribe is 1, 25, 000 units and in multiples thereafter.</p>
<p>Methodology and illustration of sale and repurchase price of Units</p>	<p><b>a) Methodology of calculating sale price</b></p> <p>The price or NAV, an investor is charged while investing in an open-ended scheme is called sale or subscription price. Pursuant to SEBI Circular dated June 30, 2009, no entry load will be charged by the scheme to the investors. Therefore, Sale or Subscription price = Applicable NAV (for respective plan and option of the scheme)</p> <p>Example: An investor invests Rs.10,000/- and the current NAV is Rs. 10/- then the purchase price will be Rs.10/- and the investor receives <math>10,000/10 = 1000</math> units.</p> <p><b>b) Methodology of calculating repurchase price of Units</b></p> <p>Repurchase or redemption price is the price or NAV at which an open-ended scheme purchases or redeems its units from the investors. It may include exit load, if applicable. The exit load, if any, shall be charged as a percentage of Net Assets Value (NAV) i.e. applicable load as a percentage of NAV will be deducted from the "Applicable NAV" to calculate the repurchase price. Therefore, Repurchase or Redemption Price = Applicable NAV *(1- Exit Load, if any)</p> <p>Example: If the Applicable NAV is Rs. 10 and a 2% Exit Load is charged, the Redemption Price per Unit will be calculated as follows: = Rs. <math>10 * (1-0.02) = Rs. 10 * (0.98) = Rs. 9.80</math></p>
<p><b>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</b></p>	<p><b>On the Exchange :</b> As the Scheme is listed on the exchange, the investor can sell units on an ongoing basis on the National Stock Exchange of India Ltd. (NSE) / BSE Ltd. (BSE) at the traded prices. The units are</p>

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<p>This is the price you will receive for redemptions/switch outs.</p>	<p>redeemed in round lots of 1 unit.  <b>Directly with the Mutual Fund :</b>  The authorized participant/large investor can redeem the units of the Scheme directly with the Mutual Fund only in creation unit size at the applicable NAV of the Scheme. The number of units of the Scheme that authorized participant/large investor can redeem is 1,25,000 units and in multiples thereafter.</p>
<p><b>Procedure for subscribing / redeeming units directly with the fund</b></p>	<p>The Large Investor / Authorised Participant can subscribe/ redeem units of the Scheme directly with the Mutual Fund only in creation unit size as per the procedure given below.</p> <p>The Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of shares underlying the Index called the Portfolio Deposit and a Cash Component. Thus, each Creation Unit would comprise of two components viz. Portfolio and Cash. The Portfolio Deposit is the basket of securities, in the same proportion as in the Underlying Index. The Cash component is the difference between the applicable net asset value of creation unit and the market value of the securities. This difference will represent accrued dividends, accrued annual charges including management fees and residual cash in the Scheme. In addition the Cash Component will include transaction charges to the extent charged by the third parties such as Custodian/DP, equalization of dividend and other incidental expenses for Creating Units. The value of both the components changes from time to time and will be announced on our website on daily basis.</p> <p>The number of units of the Scheme that investors can create in exchange of the Portfolio Deposit and Cash Component is 1,25,000 units and in multiples thereof.</p> <p>The facility of creating units in Creation Unit size is available to the Authorised Participants (whose names will be available on our website, <a href="http://www.mostshares.com">www.mostshares.com</a> and large investors.</p> <p><b>For creating units of the Scheme in creation unit size:</b>  The Authorised Participant/Large Investor would transfer the requisite basket of securities comprising the constituents of Nifty Free Float Midcap 100 Index constituting the Portfolio Deposit to the Mutual Fund's designated DP account while the Cash Component has to be paid to the AMC by way of cheques / pay order / demand draft. On confirmation of the same, the AMC will have the respective number of units of the Scheme credited to the depository account of Authorised Participant / Large Investor.</p> <p><b>For redeeming units of the Scheme in creation unit size:</b>  The Authorised Participant / Large Investor would transfer the requisite number of units of the Scheme equaling the creation unit to the Fund's designated DP account. On confirmation of the same, the AMC will pay the redemption proceeds in kind by transferring the Portfolio Deposit to the depository account of Authorised Participant/Large Investor and pay the Cash Component, if any.</p>

	<p>The Fund may allow cash purchases/cash redemption of the units of the Scheme in Creation Unit Size by Large Investor/Authorised Participant. Purchase request/ Redemption request shall be made by such investor to the Fund whereupon the Fund shall arrange to buy/sell the underlying portfolio of securities on behalf of the investor.</p>
<p><b>Cut off timing for subscriptions/ redemptions/ switches</b></p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>The cut-off time for accepting subscription / redemption of units of the Scheme directly with the Fund would be 3.00 p.m. on any business day. However, as the Scheme is an Exchange Traded Fund, the subscriptions and redemptions of units would be based on the Portfolio Deposit and Cash Component as defined by the Fund for that respective business day.</p>
<p><b>Where can the applications for purchase/redemption switches be submitted?</b></p>	<p>The application forms for purchase/redemption of units directly with the Fund can be submitted at the registered office of the AMC.</p> <p>Investors can also subscribe to the Units of the Scheme through MFSS and/or NMF II facility of NSE and BSE StAR MF facility of BSE.</p> <p>In addition to subscribing Units through submission of application in physical, investor / unit holder can also subscribe to the Units of the Scheme through RTA's website i.e. <a href="http://www.kfintech.com">www.kfintech.com</a>. The facility to transact in the Scheme is also available through mobile application of Kfin i.e. 'KFINTRACK'</p>
<p><b>Minimum amount for purchase/redemption/swiches</b></p>	<p><b>On the Exchange:</b> 1 unit and in multiples thereof.</p> <p><b>Directly with the Mutual Fund:</b> The minimum amount for purchase/redemption would be in creation unit size of 25,000 units and in multiples thereof.</p>
<p><b>Dematerialization</b></p>	<ol style="list-style-type: none"> <li>i. The units of the Scheme are available in the Dematerialized (electronic) mode only.</li> <li>ii. The applicant under the Scheme are required to have a beneficiary account with a Depository Participant of NSDL/CDSL and are required to indicate in the application the DP's name, DP ID Number and beneficiary account number of the applicant with the DP.</li> <li>iii. The units of the Scheme are issued/repurchased and traded compulsorily in dematerialized form.</li> </ol> <p>Applications without relevant details of their depository account are liable to be rejected.</p>
<p><b>Who can invest</b></p> <p>This is an indicative list and</p>	<p>This is an indicative list and you are requested to consult your financial advisor. The following are eligible to subscribe to the units of the Scheme:</p>

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you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.

1. Resident adult individuals, either singly or jointly (not exceeding three) or on anyone or Survivor basis.
2. Minors through Parents/Lawful Guardian.
3. Hindu Undivided Family (HUF) through its Karta.
4. Partnership Firms in the name of any one of the partner.
5. Proprietorship in the name of the sole proprietor.
6. Companies, Body Corporate, Societies, (including registered co-operative societies), Association of Persons, Body of Individuals, Clubs and Public Sector Undertakings registered in India if authorized and permitted to invest under applicable laws and regulations.
7. Banks (including co-operative Banks and Regional Rural Banks), Financial Institutions.
8. Mutual Fund schemes registered with SEBI.
9. Non-Resident Indians (NRIs) / Persons of Indian Origin (PIOs) residing abroad on repatriation basis and on non-repatriation basis. NRIs and PIOs who are residents of U.S. and Canada cannot invest in the Schemes of MOMF. #
10. Foreign Institutional Investors (FII) registered with SEBI on repatriation basis (subject to RBI approval).
11. Foreign Portfolio Investors registered with SEBI.
12. Charitable or Religious Trusts, Wakf Boards or endowments of private trusts (subject to receipt of necessary approvals as "Public securities" as required) and private trusts authorized to invest in units of Mutual Fund schemes under their trust deeds.
13. Army, Air Force, Navy, Para-military funds and other eligible institutions.
14. Scientific and Industrial Research Organizations.
15. Multilateral Funding Agencies or Bodies Corporate incorporated outside India with the permission of Government of India Reserve Bank of India.
16. Overseas Financial Organizations which have entered into an arrangement for investment in India, inter-alia with a Mutual Fund registered with SEBI and which arrangement is approved by Government of India.
17. Provident / Pension / Gratuity / Superannuation and such other retirement and employee benefit and other similar funds as and when permitted to invest.
18. Other Associations, Institutions, Bodies etc. authorized to invest in the units of Mutual Fund.
19. Trustees, AMC, Sponsor or their associates may subscribe to the units of the Scheme.
20. Such other categories of investors permitted by the Mutual Fund from time to time, in conformity with the SEBI Regulations.
21. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, PAN details as mentioned under the paragraph "Anti Money Laundering and Know Your Customer", updated bank account details including cancelled original cheque leaf of the new account and his specimen Signature duly authenticated by his banker. No further

	<p>transactions shall be allowed till the status of the minor is changed to major.</p> <p>22. Pursuant to SEBI circular No. SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019 investors are required to note that the minor shall be the sole unit holder in a folio. Joint holders will not be registered.</p> <p>The minor unit holder shall be represented either by natural parent (father and mother) or by a legal guardian. Payment of investment shall be from the authorised banking channels and from the bank account of minor or joint account of minor with guardian.</p> <p>The process of minor attaining major and status of investment etc. is mention in Statement of Additional Information (SAI).</p> <p>Investors are requested to refer SAI for detailed information.</p> <p><b>Who can not invest?</b></p> <ol style="list-style-type: none"> <li>1. Persons residing in the Financial Action Task Force (FATF) Non-Compliant Countries and Territories (NCCTs).</li> <li>2. Pursuant to RBI Circular No. 14 dated September 16, 2003, Overseas Corporate Bodies (OCBs) cannot invest in Mutual Funds.</li> <li>3. United States Person (“U.S. person”*) as defined under the laws of the United States of America except lump sum subscription, switch transactions, Systematic Transfer Plan (STP), Systematic Withdrawal Plan (SWP), Cash Flow Plan and Motilal Oswal Value Index (MOVI) Pack Plan requests received from Non-resident Indians / Persons of Indian origin who at the time of such investment / first time registration of specified facility are present in India and submit a physical transaction request along with such documents as may be prescribed by the AMC / Mutual Fund from time to time. The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC / Mutual Fund. The investor shall be responsible for complying with all the applicable laws for such investments. The AMC / Mutual Fund reserves the rights to put the transaction requests on hold / reject the transaction request / reverse allotted units, as the case may be, as and when identified by the AMC / Mutual Fund, which are not in compliance with the terms and conditions prescribed in this regard. All other provisions of the Section ‘Who cannot invest’ of the SID will remain unchanged.</li> <li>4. Residents of Canada</li> <li>5. Such other persons as may be specified by AMC from time to time.</li> </ol> <p>*The term “U.S. person” means any person that is a U.S. person within the meaning of Regulation S under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per such further amended definitions, interpretations, legislations, rules etc., as may be in force from</p>
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	<p>time to time.</p> <p>The Trustees/AMC reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time and change, subject to SEBI Regulations and other prevailing statutory regulations, if any.</p> <p>Note: It is mandatory to complete the KYC requirements for all unit holders, including for all joint holders and the guardian in case of folio of a minor investor.</p>
<b>How to Apply</b>	Please refer to the SAI and Application form for the instructions.
<b>Listing</b>	<p>The units of the Scheme are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE).</p> <p>The AMC/Trustee reserves the right to list the units of the Scheme on any other recognized stock exchange as and when the AMC/Trustee consider it necessary in the interest of the Unitholders of the Scheme.</p>
<b>Special Products available</b>	The Scheme does not offer any special products.
<b>Accounts Statements</b>	<ul style="list-style-type: none"> <li>• Units issued by the AMC under the scheme shall be credited to the investor's beneficiary account with a Depository Participant (DP) of CDSL or NSDL. The AMC will credit the units to the beneficiary account of the unitholder within five business days from the date of receipt of credit of the Cash. With a view to create one record for all financial assets of every individual, SEBI vide its Circular no. CIR/MRD/DP/31/2014 dated November 12, 2014 enabled a single consolidated view of all the investments of an investor in Mutual Funds (MF) and securities held in demat form with the Depositories. In accordance with the above, the following shall be applicable for unitholders having a Demat Account.</li> <li>• Investors having MF investments and holding securities in Demat account shall receive a Single Consolidated Account Statement from the Depository.</li> <li>• Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding. The CAS shall be generated on a monthly basis.</li> </ul> <p>If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios depositories shall send the CAS within ten days from the month end. In case there is no transaction in any of the mutual fund folios and demat accounts then CAS with holding details shall be sent to the investor on half yearly basis. The Consolidated Account statement will be in accordance to SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016 and SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018.</p>

	<p>Investors are requested/encouraged to register/update their email id and mobile number of the primary holder with the AMC/RTA through our Designated Investor Service Centres (DISCs) in order to facilitate effective communication.</p> <p><b>Annual Account Statement:</b> The Mutual Fund shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement, The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</p> <p>Note: If the investor(s) has/have provided his/their email address in the application form or any subsequent communication in any of the folio belonging to the investor(s), Mutual Fund / Asset Management Company reserves the right to use Electronic Mail (email) as a default mode to send various communication which include account statements for transactions done by the investor(s). The investor shall from time to time intimate the Mutual Fund / its Registrar and Transfer Agents about any changes in the email address.</p> <p>It may be noted that the primary holder's own email id and mobile no should be provided for speed and ease of communication in a convenient and cost effective manner, and to help prevent fraudulent transactions.</p>
<b>Redemption</b>	The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.
<b>Delay in payment of redemption / repurchase proceeds</b>	The AMC shall be liable to pay interest to the Unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).
<b>Bank Account Details</b>	<p>As per SEBI requirements, it is mandatory for an investor to provide his/her bank account number in the Application Form. The Bank Account details as mentioned with the Depository should be mentioned. If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected. The Application Form without the Bank account details would be treated as incomplete and rejected.</p> <p>Notwithstanding any of the above conditions, any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p>

<b>Role of Authorised Participant</b>	The role of Authorised Participants is to offer liquidity of the units of the Scheme on the Stock Exchange where the Units are listed. Authorised Participants may offer to buy and sell quotes (bid and ask quotes) on the Exchanges such that buy and sell orders get executed in the market subject to price compatibility. Authorised Participants may for the purpose of creating liquidity subscribe or redeem the units of the Scheme directly with the Mutual Fund.
<b>Purchase / Sale of the units of Scheme on the Exchange</b>	<p>Buying / Selling of units of the Scheme on the Exchange is just like buying / selling any other normal listed security. If an investor has bought units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker / sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in the case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The trading member would pay the money or units to the investor in accordance with the time prescribed by the stock exchange regulation.</p> <p>If an investor has bought units, he/she should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange clearing corporation.</p> <p>An investor who has sold units should instruct his/her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the units from his/her beneficiary account to the Pool Account of his/her trading member through whom he/she have sold the units. The details of the pool a/c of his/her trading member to which the units are to be transferred, unit quantity etc. should be mentioned in the Delivery Out instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the Delivery Out instructions should be given at least 24 hours prior to the cut-off time for the prescribed securities pay-in to avoid any rejection of instructions due to data entry errors, network problems, etc.</p> <p>If the average discount, of the bid price to the indicative NAV over a period of 30 trading days is greater than 3%, then an investor can sell its units of the Scheme directly to the Fund for a period of 3 consecutive trading days with an exit load of 1% of NAV of the Scheme. The notification of the same would be displayed on our website.</p>
<b>Transaction handling charges</b>	Transaction handling charges include brokerage, depository participant charges, uploading charges and such other charges that the Mutual Fund may have to incur in the course of accepting the portfolio deposit or for giving a portfolio of securities as



	consideration for a redemption request. Such transaction handling charges shall be recoverable from the transacting authorized participant/large investor.
<b>Cost of trading on the Stock Exchange</b>	Investor will have to bear the cost of brokerage and other applicable statutory levies e.g. Securities Transaction Tax, etc. when the units are bought or sold on the stock exchange.
<b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</b>	Units once redeemed/repurchased will not be re-issued.
<b>Right to limit Redemptions</b>	<p>The Trustee, in the general interest of the Unitholders of the Scheme offered under this SID and keeping in view of the 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:</p> <ol style="list-style-type: none"> <li>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: <ol style="list-style-type: none"> <li>i. <b>Liquidity issues</b> - 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.</li> <li>ii. <b>Market failures, exchange closures</b> - 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.</li> <li>iii. <b>Operational issues</b> - 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</li> </ol> </li> <li>b. Restriction on redemption may be imposed for a specific period of time not exceeding 10 working days in any 90 day period.</li> <li>c. Any such imposition requires specific approval of Board of AMCs and Trustees and the same shall be immediately</li> </ol>

	<p>informed to SEBI.</p> <p>d. When restriction on redemption is applied the following procedure shall be followed:</p> <p>a) Redemption requests upto Rs. 2 lakh will not be subject to such restriction.</p> <p>b) 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.</p>
<b>Restrictions, if any, on the right to freely retain or dispose of units being offered</b>	As the units of the Scheme will be issued in demat form, the units will be transferred and transmitted in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.

### **Example of Creation and Redemption of Units**

Each Creation Unit consists of 1,25,000 units of Motilal Oswal Midcap 100 ETF (MOFM100). As explained earlier, the Creation Unit is made up of 2 components i.e. Portfolio Deposit and Cash Component. The Portfolio Deposit will be determined by the Fund as per the weights of each security in the Underlying Index. The value of this Portfolio Deposit will change due to change in prices during the day. The number of shares of each security that constitute the Portfolio Deposit will remain constant unless there is any corporate action in the Underlying Index or there is a rebalance in the Underlying Index.

The example of Creation Unit as on May 31, 2020 for Motilal Oswal Midcap 100 ETF (MOFM100) is as follows:

<b>Security Name</b>	<b>Price</b>	<b>Quantity</b>	<b>Adjusted Value</b>
Info Edge India Ltd	2,683.80	23	61,727.40
MRF Ltd	59,113.10	1	59,113.10
Indraprastha Gas Limited	472.10	114	53,819.40
Tata Consumer Products Ltd	366.90	136	49,898.40
Apollo Hospital Enterprise Ltd	1,356.95	31	42,065.45
Jubilant Foodworks Ltd	1,656.60	25	41,415.00
Torrent Pharmaceuticals Ltd	2,362.55	16	37,800.80
Voltas Ltd	480.15	75	36,011.25
PI Industries Ltd	1,539.20	22	33,862.40
IPCA Laboratories Ltd	1,494.60	22	32,881.20
City Union Bank Ltd	135.60	240	32,544.00
SRF Limited	3,487.15	9	31,384.35
Crompton Greaves Consumer Electricals Limited	224.35	135	30,287.25
Max Financial Services Limited	480.35	63	30,262.05
Muthoot Finance Ltd	862.65	35	30,192.75
Alkem Laboratories Limited	2,262.90	13	29,417.70
The Federal Bank Limited	44.90	649	29,140.10
Balkrishna Industries Ltd	1,078.90	26	28,051.40

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

REC Limited	88.55	302	26,742.10
Bharat Forge Ltd	326.05	82	26,736.10
The Ramco Cements Limited	603.60	44	26,558.40
Bata India Ltd	1,325.60	20	26,512.00
Larsen & Toubro Infotech Limited	1,798.85	14	25,183.90
Mphasis Ltd	860.95	29	24,967.55
Exide Industries Ltd	162.90	149	24,272.10
Bharat Electronics Ltd	69.20	349	24,150.80
LIC Housing Finance Ltd	239.55	99	23,715.45
AU Small Finance Bank Limited	391.60	59	23,104.40
Coromandel International Ltd	644.30	35	22,550.50
TVS Motor Company Ltd	335.90	67	22,505.30
Manappuram Finance Ltd	125.20	179	22,410.80
Rajesh Exports Ltd	487.70	44	21,458.80
Escorts Ltd	903.25	23	20,774.75
Godrej Properties Ltd	688.40	30	20,652.00
Tata Power Co Ltd	36.55	564	20,614.20
Pfizer Ltd	4,038.60	5	20,193.00
Fortis Healthcare Ltd	115.65	170	19,660.50
Whirlpool of India Ltd	1,944.65	10	19,446.50
Varun Beverages Limited	631.65	30	18,949.50
Gujarat State Petronet Ltd	197.50	94	18,565.00
RBL Bank Limited	120.50	154	18,557.00
Mahanagar Gas Limited	972.60	19	18,479.40
Castrol India Ltd	115.55	158	18,256.90
The Indian Hotels Company Limited	75.60	236	17,841.60
Torrent Power Ltd	318.45	55	17,514.75
Glenmark Pharmaceuticals Ltd	355.05	49	17,397.45
Natco Pharma Ltd	579.75	30	17,392.50
Cholamandalam Investment and Finance Company Ltd	141.70	120	17,004.00
Amara Raja Batteries Ltd	614.60	27	16,594.20
Cummins India Ltd	376.35	44	16,559.40
Dalmia Bharat Limited	554.85	29	16,090.65
Jindal Steel and Power Ltd	121.55	130	15,801.50
IDFC First Bank Limited	22.10	673	14,873.30
Mahindra & Mahindra Financial Services Ltd	139.70	97	13,550.90
Emami Ltd	194.85	69	13,444.65
GMR Infrastructure Ltd	18.95	707	13,397.65
Syngene International Ltd	357.10	36	12,855.60
Aditya Birla Fashion and Retail Limited	119.90	103	12,349.70
Sun TV Network Ltd	384.95	32	12,318.40
Ajanta Pharma Ltd	1,523.95	8	12,191.60
Oberoi Realty Ltd	319.80	38	12,152.40
CESC Ltd	552.35	22	12,151.70
Bharat Heavy Electricals Ltd	28.00	419	11,732.00

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

Mindtree Ltd	894.60	13	11,629.80
Jubilant Life Sciences Ltd	442.15	25	11,053.75
Apollo Tyres Ltd	97.10	110	10,681.00
Steel Authority of India Ltd	30.15	336	10,130.40
Nippon Life India Asset Management Limited	255.20	38	9,697.60
Hexaware Technologies Ltd	253.75	37	9,388.75
L&T Technology Services Limited	1,171.30	8	9,370.40
Oil India Ltd	84.75	109	9,237.75
V-Guard Industries Limited	177.05	50	8,852.50
Adani Power Ltd	36.40	239	8,699.60
Godrej Industries Ltd	318.65	27	8,603.55
National Aluminium Company Ltd	29.40	292	8,584.80
Endurance Technologies Limited	726.05	11	7,986.55
Edelweiss Financial Services Ltd	46.05	170	7,828.50
Aditya Birla Capital Limited	45.85	166	7,611.10
Engineers India Ltd	63.35	99	6,271.65
Prestige Estates Projects Ltd	156.45	40	6,258.00
Indiabulls Ventures Ltd	70.60	84	5,930.40
Sterlite Technologies Ltd	95.55	60	5,733.00
Canara Bank Ltd	83.80	67	5,614.60
Bombay Burmah Trading Corporation Limited	908.10	6	5,448.60
JSW Energy Ltd	40.05	134	5,366.70
Future Retail Limited	84.80	55	4,664.00
Graphite India Ltd	182.30	22	4,010.60
HEG Ltd	761.70	5	3,808.50
Godrej Agrovet Limited	374.40	10	3,744.00
NBCC (India) Limited	17.30	199	3,442.70
PNB Housing Finance Limited	176.00	19	3,344.00
Bank of India	31.45	96	3,019.20
Union Bank of India	23.65	123	2,908.95
Qess Corp Limited	220.60	13	2,867.80
Future Consumer Limited	8.50	218	1,853.00
Mangalore Refinery & Petrochemicals Ltd	28.70	63	1,808.10
Housing & Urban Development Corporation Limited	22.95	65	1,491.75
IDBI Bank Ltd	20.40	68	1,387.20
Indian Bank	43.75	30	1,312.50
Varroc Engineering Limited	129.25	7	904.75
<b>Total Value Of Portfolio Basket</b>			<b>17,58,650.95</b>

Value of Portfolio Basket : Rs. 17, 58,651  
Value of Cash Component : Rs. -10,388  
Total Value of Creation Unit : Rs. 17, 48,263

*SID of Motilal Oswal Midcap 100 ETF (MOFM100)*

The Value of Portfolio Deposit and Cash Component would vary from time to time and would be declared by the Fund on a daily basis.

The cash component is arrived in the following manner:

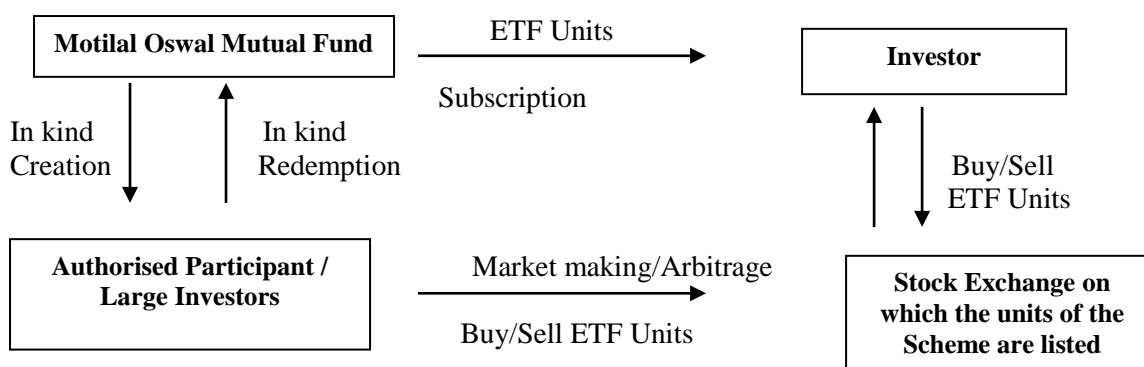
Number of units comprising one Creation Unit	1,25,000
NAV per unit	13.9861
Value of 1 Creation Unit	17,48,263
Value of Portfolio Deposit (predefined basket of securities of the Underlying Basket)	1758651
Cash Component	-10388

The above is just an example to illustrate the calculation of cash component. Cash Component will vary depending upon the actual charges incurred like Custodial Charges and other incidental charges for creating units.

#### **Disclosure of Creation/Redemption of Units on AMC's website**

On a daily basis, the AMC would disclose the Creation unit for subscription/redemption of units on the AMC's website i.e. [www.mostshares.com](http://www.mostshares.com) i.e. value of Portfolio Deposit, basket of securities and the number of shares of each securities, and value of Cash Component.

Motilal Oswal Midcap 100 ETF (MOFM100) would work as follows:



### **C. PERIODIC DISCLOSURES**

#### **Net Asset Value**

This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.

The NAV will be calculated on all business days and disclosed in the manner specified by SEBI. The AMC shall update the NAVs on its website [www.motilalosalwalmf.com](http://www.motilalosalwalmf.com) and [www.mostshares.com](http://www.mostshares.com) and also on AMFI website [www.amfindia.com](http://www.amfindia.com) before 11.00 p.m. on every business day. Further, Mutual Funds/ AMCs shall extend facility of sending latest available NAVs to investors through SMS, upon receiving a specific request in this regard. If the NAV is not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

Investors can also contact the office of the AMC to obtain the NAV of the Scheme.

The AMC may also calculate intra-day indicative NAV (computed based on snapshot prices of the underlying

	<p>securities traded and available on NSE) and will be updated during the market hours on its website <a href="http://www.mostshares.com">www.mostshares.com</a>. Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund.</p>
<p><b>Monthly &amp; Half yearly Disclosures: Portfolio</b> This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The Mutual Fund / AMC shall disclose portfolio (along with ISIN) in a user friendly &amp; downloadable spreadsheet format, as on the last day of the month/half year for the scheme(s) on its website (<a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) within 10 days from the close of each month/half year.</p> <p>In case of investors whose email addresses are registered with MOMF, the AMC shall send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month/half year respectively.</p> <p>The AMC shall publish an advertisement every half-year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half yearly statement of the schemes portfolio on the AMC's website (<a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>). The AMC shall provide physical copy of the statement of scheme portfolio on specific request received from investors.</p>
<p><b>Half yearly Disclosures: Financial Results</b></p>	<p>The Mutual Fund shall within one month from the close of each half year, that is on 31<sup>st</sup> March and on 30<sup>th</sup> September, host a soft copy of its unaudited financial results on its website. The mutual fund shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated.</p>
<p><b>Annual Report</b></p>	<p>The Mutual Fund / AMC will host the Annual Report of the Schemes on its website (<a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e. 31st March each year).</p> <p>The Mutual Fund / AMC shall mail the scheme annual reports or abridged summary thereof to those investors whose e-mail addresses are registered with MOMF. The full annual report or abridged summary shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the investors on request at free of cost. Investors who have not registered their e-mail id will have to specifically opt-in to receive a physical copy of the Annual Report or Abridged Summary thereof.</p>

	MOMF will publish an advertisement every year in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of scheme wise Annual Report on the AMC website ( <a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a> and <a href="http://www.mostshares.com">www.mostshares.com</a> ) and on the website of AMFI ( <a href="http://www.amfiindia.com">www.amfiindia.com</a> ).																	
<b>Associate Transactions</b>	Please refer to Statement of Additional Information (SAI).																	
<b>Taxation</b>  The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.	<p>Motilal Oswal Mutual Fund is a Mutual Fund registered with SEBI and is governed by the provisions of Section 10(23D) of the Income Tax Act, 1961. Accordingly, any income of a fund set up under a scheme of a SEBI registered mutual fund is exempt from tax. 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.</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Equity Oriented</th> </tr> <tr> <th>Effect on Resident Investors</th> <th>Effect on Mutual Fund</th> </tr> </thead> <tbody> <tr> <td>Dividend Income</td> <td>Slab rate (Applicable Rate )</td> <td>Nil</td> </tr> <tr> <td>Long Term Capital Gains</td> <td>10% above 1Lac</td> <td>Nil</td> </tr> <tr> <td>Short Term Capital Gains</td> <td>15%</td> <td>Nil</td> </tr> <tr> <td>Tax on dividend distributed to unit holders</td> <td>Slab rate (Applicable rate )</td> <td>Nil</td> </tr> </tbody> </table> <p>Excluding Cess &amp; Surcharge</p> <p>For details on taxation, please refer to the clause on Taxation in the Scheme Additional Information.</p>	Particulars	Equity Oriented		Effect on Resident Investors	Effect on Mutual Fund	Dividend Income	Slab rate (Applicable Rate )	Nil	Long Term Capital Gains	10% above 1Lac	Nil	Short Term Capital Gains	15%	Nil	Tax on dividend distributed to unit holders	Slab rate (Applicable rate )	Nil
Particulars	Equity Oriented																	
	Effect on Resident Investors	Effect on Mutual Fund																
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Short Term Capital Gains	15%	Nil																
Tax on dividend distributed to unit holders	Slab rate (Applicable rate )	Nil																
<b>Investor services</b>	<p><b>Mr. Jamin Majethia</b>  <b>Motilal Oswal Asset Management Company Limited</b>  10<sup>th</sup> Floor, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai – 400025  <b>Tel No.:</b> +91 8108622222 and +91 22 40548002  <b>Fax No.:</b> 02230896884  <b>Email:</b> <a href="mailto:mfservice@motilaloswal.com">mfservice@motilaloswal.com</a></p> <p>Investors are advised to contact any of the Designated Collection Center / Investor Service Center or the AMC by calling the toll free no. of the AMC at +91 8108622222+91 22 40548002.</p> <p>Investors can also visit our website <a href="http://www.mostshares.com">www.mostshares.com</a> for complete details.</p>																	

	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.
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#### **D. COMPUTATION OF NAV**

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.

The NAV shall be calculated and announced on each working day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time.



#### IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme.

##### A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

The entire NFO expenses were borne by the AMC.

##### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include but are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer agents' fees & expenses, marketing and selling costs etc.

The AMC has estimated that the following expenses will be charged to the Scheme, as permitted under Regulation 52 of SEBI (MF) Regulations. For the actual current expenses being charged, the investor should refer to the website of the Fund. For more details, also refer to the notes below the table.

Particulars	(% per annum to daily Net Assets)
Investment Management & Advisory Fee	Upto 1.00%
Custodial Fees	
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	
License fees / listing fees and other such expenses	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades respectively	
Audit Fees / Fees and expenses of trustees	
Marketing & Selling Expenses	
Goods and Service Tax (GST) on expenses other than investment management and advisory fees	
GST on brokerage and transaction cost	
Other expenses*	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6)</b>	<b>Upto 1.00%</b>
Additional expenses for gross new inflows from specified cities under Regulation 52 (6A)(b) #	Upto 0.30%

\*Any other expenses which are directly attributable to the Scheme, may be charged with approval of the Trustee within the overall limits as specified in the Regulations except those expenses which are specifically prohibited.

#Additional TER will be charged based on inflows only from retail investors (other than Corporates and Institutions) from B 30 cities.

\$ As per SEBI Circular dated March 25, 2019, it has been decided that inflows of amount upto Rs. 2,00,000/- per transaction, by the individual investors shall be considered as inflows from retail investors.

All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route. Provided that the expenses that are very small in value but high in volume may be paid out of AMC's books. Such expenses can be paid out of AMC's books at actuals or not exceeding 2 bps of respective scheme AUM, whichever is lower

However, the upfront trail commission shall be paid from AMC's books for inflows through SIPs from new investors as per the applicable regulations. The said commission shall be amortized on daily basis to the scheme over the period for which the payment has been made. A complete audit trail of upfronting of trail commissions from the AMC's books and amortization of the same to scheme(s) thereafter shall be made available for inspection. The said commission should be charged to the scheme as 'commissions' and should also account for computing the TER differential between regular and direct plans in each scheme.

However, the upfront trail commission shall be paid from AMC's books for inflows through SIPs from new investors as per the applicable regulations. The said commission shall be amortized on daily basis to the scheme over the period for which the payment has been made. A complete audit trail of upfronting of trail commissions from the AMC's books and amortization of the same to scheme(s) thereafter shall be made available for inspection. The said commission should be charged to the scheme as 'commissions' and should also account for computing the TER differential between regular and direct plans in each scheme.

The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations are fungible in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively. Further, the additional expenses under Regulation 52(6A)(c) shall also be incurred towards any of these expense heads.

All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan. The TER of the Direct Plan will be lower to the extent of the distribution expenses/commission which is charged in the Regular Plan and no commission for distribution of Units will be paid / charged under the Direct Plan. . Accordingly, the NAV of the Direct Plan would be different from NAV of Regular Plan.

In addition to expenses under Regulation 52(6) and (6A), AMC may charge GST on investment and advisory fees, expenses other than investment and advisory fees and brokerage and transaction cost as below:

1. GST on investment and advisory fees charged to the scheme will be in addition to the maximum limit of TER as prescribed in regulation 52 (6) of the SEBI Regulations.
2. GST on expenses other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per regulation 52 of the SEBI Regulations.
3. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under regulation 52 of the SEBI Regulations.

In accordance with Regulation 52(6A), the following expenses can be charged in addition to the existing total recurring expenses charged under Regulation 52(6):

Brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 % in case of cash market transactions and 0.05 % in case of derivatives transactions;

Any payment towards brokerage and transaction costs, over and above the said 12 bps and 5 bps for cash market and derivatives transactions respectively, shall be charged to the Scheme within the total recurring expenses limit specified under Regulation 52 of SEBI Regulations. Any expenditure in excess of the said limit will be borne by the AMC/Trustees/Sponsors.

In addition to the limits as specified in Regulation 52(6) of SEBI (Mutual Funds) Regulations 1996 or the Total Recurring Expenses (Total Expense Limit) as specified above, the following costs or expenses may be charged to the scheme:

Additional TER can be charged up to 30 basis points on daily net assets of the scheme as per regulation 52 of SEBI (Mutual Funds) Regulations, 1996 (hereinafter referred to as Regulations), if the new inflows from beyond top 30 cities are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the average assets under management (year to date) of the scheme, whichever is higher. Provided that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities

In case inflows from beyond top 30 cities is less than the higher of (a) or (b) above, additional TER on daily net assets of the scheme shall be charged as follows:

$$\frac{\text{Daily net assets} \times 30 \text{ basis points} \times \text{New inflows from beyond top 30 cities}}{365 \times \text{Higher of (a) or (b) above}}$$

\* 366, wherever applicable.

The top 30 cities shall mean top 30 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography – Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

The additional TER on account of inflows from beyond top 30 cities so charged shall be clawed back in case the same is redeemed within a period of 1 year from the date of investment.

Mutual funds/AMCs shall make complete disclosures in the half yearly report of Trustees to SEBI regarding the efforts undertaken by them to increase geographical penetration of mutual funds and the details of opening of new branches, especially at locations beyond top 30 cities.

The Mutual Fund would update the current expense ratios on the website ([www.motilalosalwalmf.com](http://www.motilalosalwalmf.com)) atleast three working days prior to the effective date of the change. Investors can refer to "Total Expense Ratio" section on <https://www.motilalosalwalmf.com/downloads/mutual-fund/totalexpenserratio> for Total Expense Ratio (TER) details.

### **C. LOAD STRUCTURE**

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC [www.mostshares.com](http://www.mostshares.com) or may call at toll free no. 91 8108622222 and +91 22 40548002 or your distributor.

<b>Type of Load</b>	<b>Load chargeable (as %age of NAV)</b>
<b>Entry</b>	<b>Nil</b> In terms of SEBI Circular having reference No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.
<b>Exit Load*</b>	<b>Nil</b>

There is no entry/exit load on units of the Scheme bought or sold through the secondary market on the Stock Exchange. However, an investor would be paying cost in the form of a bid and ask spread and brokerage, as charged by his broker for buying/selling units of the Scheme.

Please Note that:

1. Exit load charged to the investors will be credited back to the scheme net of service tax.
2. No Load shall be imposed for switching between Options within the Scheme.
3. Bonus Units and Units issued on reinvestment of dividends shall not be subject to entry and exit load.
4. The Redemption Price however, will not be lower than 93% of the NAV, and the Sale Price will not be higher than 107 % of the NAV, provided that the difference between the Redemption Price and Sale price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Sale Price.
5. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

The investor is requested to check the prevailing load structure of the Scheme before investing.

There is no entry/exit load on units of the Scheme bought or sold through the secondary market on the Stock Exchange. However, an investor would be paying cost in the form of a bid and ask spread and brokerage, as charged by his broker for buying/selling units of the Scheme.

**\*Exit Load for Redemption in Cash**

In case of redemption of units of the Scheme for less than Creation Unit Size, directly with the Fund, where there have been no quotes on the exchange for 3 trading days consecutively, an investor can sell its units of the Scheme to the Fund with an exit load of 1% of NAV of the Scheme.

From the exit load including Contingent Deferred Sales Charge (CDSC) charged to the Unitholders by the Scheme, a maximum of 1% of the redemption value shall be retained by the Scheme in a separate account and will be utilised towards meeting the selling and distribution expenses including commissions to the distributor. Any amount in excess of 1% of the redemption value shall be credited to the Scheme immediately.

The investor is requested to check the prevailing load structure of the Scheme before investing. For any change in load structure, AMC will issue an addendum and display it on the website/Investor Service Centres.

Any imposition or enhancement in the load structure shall apply on a prospective basis and in no case the same would affect the existing investors adversely. Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load.

Under the Scheme, the AMC reserves the right to modify/alter the load structure if it so deems fit in the interest of smooth and efficient functioning of the scheme, subject to maximum limits as

prescribed under the SEBI Regulations. The load may also be changed from time to time and in case of exit/redemption, load may be linked to the period of holding.

For any change in the load structure, the AMC would undertake the following steps:

1. The addendum detailing the changes will be attached to SID and Key Information Memorandum (KIM). The addendum will be circulated to all the distributors so that the same can be attached to all SID and KIM already in stock.
2. Arrangements shall be made to display the changes/modifications in the SID in the form of a notice in all Investor Service Centres and distributors/brokers offices.
3. The introduction of the exit load/CDSC along with the details shall be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load/CDSC.
4. A public notice may be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.
5. The Fund shall display the addendum on its website ([www.mostshares.com](http://www.mostshares.com)).
6. Any other measure that the Mutual Fund shall consider necessary.

#### **D. WAIVER OF LOAD**

As per SEBI Regulations, no entry load shall be charged for existing/prospective investors of the Scheme.

#### **E. TRANSACTION CHARGES**

The AMC/Mutual Fund shall deduct the Transaction Charges on purchase / subscription received from first time mutual fund investors and investors other than first time mutual fund investors through the distributor or through the stock exchange platforms viz. BSE Star MF/ NSE NMF II platforms (who have specifically opted-in to receive the transaction charges) as under :

- i. For existing investor in a Mutual Fund: Rs.100/- per subscription of Rs.10,000/- and above;
- ii. For first time investor in Mutual Funds: Rs.150/- per subscription of Rs.10,000/- and above.

However, there will be no transaction charge on:

- i. Subscription of less than Rs. 10,000/-; or
- ii. Transactions other than purchases/subscriptions relating to new inflows such as Switch/STP/SWP/DTP, etc.; or
- iii. Direct subscription (subscription not routed through distributor); or
- iv. Subscription routed through distributor who has chosen to 'Opt-out' of charging of transaction charge.

The transaction charge as mentioned above will be deducted by AMC from subscription amount of the Unitholder and paid to distributor and the balance shall be invested in the Scheme.

The distributors shall also have the option to either opt in or opt out of levying transaction charge based on type of the product.

## **V. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

**VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

This section contains the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

**Not Applicable**

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.
  - a. During the period May 2012 to May 2020, the NSE has levied penalties/fines on Motilal Oswal Financial Services Ltd. (MOFSL), aggregating to Rs. 534686911/- on account of various reasons viz: non-submission of UCC details, short collection of margins & violation of market wide position limit in F&O segment, observations made during the course of inspections. However the aforesaid penalties/fines as levied by NSE have been duly paid.
  - b. During the period May 2012 to May 2020,, the BSE has levied penalties/fines aggregating to Rs. 3833165.51/--on account of various reasons viz: non-submission of UCC details, settlement of transactions through delivery versus payment, observations made during the course of inspections, etc. However the aforesaid penalties/fines as levied by BSE have been duly paid.
  - c. During the period March 2018 to April 2020, the NCDEX has levied penalties/fines on Motilal Oswal Financial Services Ltd. (MOFSL), aggregating to INR Rs. 11035160.94/- on account of Margin Shortfall Penalty. However the aforesaid penalties/fines as levied by NCDEX have been duly paid
  - d. During the period March 2018 to April 2020, the MCX has levied penalties/fines on Motilal Oswal Financial Services Ltd. (MOFSL), aggregating to INR Rs. 59599879.41/- on account of various reasons viz: late/non submission of details pertaining to Enhanced Supervision, Margin Shortfall Penalty, etc. However the aforesaid penalties/fines as levied by MCX have been duly paid
  - e. During the period April 2013 to May 2020, the CDSL has levied penalties/fines aggregating to Rs. 4,54,442.47/- on account of reasons viz: non-collection of proof of identity of clients, deviation in following of transmission procedure etc; whereas from penalty of Rs7,857.72/- were levied by NSDL during the course of MOFSL operations. However, the aforesaid penalties/fines as levied by CDSL and NSDL have been duly paid.

Details of pending litigations of MOFSL are as follows:

<b>Sr. No</b>	<b>Name of the Party</b>	<b>Particulars</b>	<b>Status</b>
1	MOFSL V/s Lizamma George	MOFSL being aggrieved by Lower Arbitration Award, has filed Appeal Arbitration proceeding. The Client alleged unauthorized trade.	Pending with NSE
2	MOFSL V/s Mariyam Abdul Majeed	MOFSL being aggrieved by Lower Arbitration Award, has filed Appeal Arbitration proceeding. The Client alleged unauthorized trade.	Pending with NSE
3	MOFSL V/s. Jamshed Faramroz Aibara	Being aggrieved by the IGRP order, we have filed Arbitration Proceeding. The Client alleged unauthorized trade	Pending with NSE
4	MOFSL v/s Jeethu Nelson	BA has violated terms of BA Agreement and also various compliance norms. So, MOFSL filed Private Arbitration Proceeding against the BA to recover the bad debts incurred due to such non-compliance.	Pending with Arbitrator
5	MOFSL v/s C Unnikrishnan	Being aggrieved by the IGRP order, we have filed Arbitration Proceeding. The Client alleged unauthorized trade	Pending with NSE
6	MOFSL v/s Padmini Unnikrishnan	Being aggrieved by the IGRP order, we have filed Arbitration Proceeding. The Client alleged unauthorized trade	Pending with NSE
7	KVK Ramachandhiran v/s MOFSL	Client alleged of inducement of MTF and currency segment, wrong ledger entry. Being aggrieved by the IGRP order, the Client has filed Arbitration Proceeding.	Pending with NSE
8	Roger Alex Dbritto v/s MOFSL	Client being aggrieved by Lower Arbitration Award for debit recovery, has filed Appeal Arbitration proceeding.	Pending with NSE
9	MOFSL v/s Piyali Mitra	Being aggrieved by Lower Arbitration Award, we have preferred Appeal Arbitration. The Client alleged all trades are unauthorized and claimed Rs. 2.69 cr.	Pending with NSE
10	Piyali Mitra v/s MOFSL	Client being aggrieved by Lower Arbitration Award, has filed Appeal Arbitration proceeding. The Client alleged all trades are unauthorized and claimed Rs. 2.69 cr.	Pending with NSE



11	Lingesan R v/s MOFSL	Client being aggrieved by IGRP order, has filed Arbitration proceeding. The Client alleged RMS sale are unauthorized.	Pending with NSE
12	MOFSL V/s Verghese Kuruvilla	MOFSL being aggrieved by Lower Arbitration Award, has filed Appeal Arbitration proceeding. The Client alleged unauthorized trade.	Pending with NSE
13	MOFSL V/s Grace Verghese Abraham	MOFSL being aggrieved by Lower Arbitration Award, has filed Appeal Arbitration proceeding. The Client alleged unauthorized trade.	Pending with NSE
14	MOFSL V/s Vibhuti Parikh	MOFSL being aggrieved by IGRP order has filed Arbitration proceeding. The Client alleged unauthorized trades in his account.	Pending with NSE
15	MOFSL V GTI Jewellery India Pvt. Ltd	Filed an arbitration claim against the client for reovery of outstanding debit balance in the account of the Client	Pending with NCDEX
16	MOFSL V Dineshbhai N Thakkar	Filed an arbitration claim against the client for reovery of outstanding debit balance in the account of the Client	Pending with NCDEX
17	MOFSL v/s Samrat Deb	Aggrieved by Appellate Arbitration Award, MOSL filed Appeal 34 Arbitration proceeding. The allegation of the Client about unauthorised trade in F&O segment and square off of SIP.	Pending with District Court
18	MOFSL V/s Prakash Santlal Jhawar	MOFSL being aggrieved by IGRP order has filed Arbitration proceeding. The Client alleged unauthorized trades in his account.	Pending with NSE
19	MOSL Vs. Rupinder Anand	Aggrieved by Appellate Award, MOSL has filed Appeal to set aside the Appellate Award.	Pending with High Court
20	MOCBPL v/s Satish Bhalla HUF	MOCBPL had initially filed Arbitration to recover the debit balance from the client. Bring Aggrieved by the Award, the Client has filed Arbitration appeal u/s. 34 before Bombay High Court. High Court passed an order by remanding back the matter and appointing fresh arbitrator	Pending with Arbitrator

21	MOSL Vs. AFP Ideas and Execution Pvt Ltd.	Aggrieved by Appellate Award, MOSL has filed Appeal to set aside the Appellate Award.	Pending with High Court
22	Asha Devi Jain Vs. MOSL	Client preferred Appeal u/s 34.	Pending with District Court
23	Premchand Vs. MOSL	The Client had disputed Trades. Award was passed in favour of MOSL. Client preferred appeal against the said award. Award was partially allowed in favour of client. MOSL preferred appeal against the said award in Civil Court.	Pending with District Court
24	MOSL Vs. Vishal Chaudhary	Execution application filed before Civil Court, Dheradun to recover the awarded amount.	Pending with District Court
25	MOCBPL Vs. Suvarna Lunawat	Execution application filed by MOCBPL to recover the awarded amount. We will be filing an application for attachment of movable properties on 04/07/2019.	Pending with District Court
26	Thangavel Krishnamurthy Vs. MOSL	Aggrieved by Appellate Award, MOSI has filed Appeal to set aside the lower bench Award and claimed outstanding debit amount	Pending with High Court
27	MOSL Vs. Rahul Gupta	Aggrieved by the Appellate Arbitration Award, the client filed appeal to set aside the Award.	Pending with District Court
28	MOSL VS. Shiv Prasad Jallan	Being Aggrieved by IG Order against MOSI, MOSL preferred Arbitration proceedings in which award was passed against MOSL. MOSL preferred appeal. The Appellate Award was also passed against MOSL; and now MOSL has filed Application u/s. 34.	Pending with District Court
29	MOSL Vs. Kalavati mawani	Being Award in our favour, we have filed execution proceedings to execute the decree to recover the outstanding dues.	Pending with High Court

30	Padmaja Munnagi Vs. MOSL	We have filed Arbitration proceedings against the IGRP Order wherein MOSL was directed to pay the partial claim amount for the alleged disputed trades in client account. Aggrieved by the original Award the client has preferred Arbitration Appeal and the same was rejected. Aggrieved by the Appellate Award the client preferred Application u/s. 34.	Pending with City Civil Court
31	Bangaru Babu Munnagi Vs. MOSL	We have filed Arbitration proceedings against the IGRP Order wherein MOSL was directed to pay the partial claim amount for the alleged disputed trades in client account. Aggrieved by the original Award the client has preferred Arbitration Appeal and the same was rejected. Aggrieved by the Appellate Award the client preferred Application u/s. 34.	Pending with City Civil Court
32	Balasubramanya S Vs. MOSL	MOSL had filed Arbitration against the IGRP order. However, Award was passed against MOSL. Aggrieved by said award, MOSL filed appeal which was awarded in favour of MOSL. Aggrieved by appellate award, client has filed appeal u/s. 34.	Pending with District Court
33	Tapan Dhar Vs. MOSL	Being aggrieved by the Appellate Bench Award, the client filed Application u/s. 34 before the City Civil Court at Kolkata.	Pending with City Civil Court
34	Sujata Joshi Vs. MOSL	Aggrieved by Order in Appeal u/s. 37, MOSL has filed Appeal in Supreme Court to disallow claim of the client and set aside Orders passed by Lower Courts / Forums.	Pending with Supreme Court
35	Ramchandra Joshi Vs. MOSL	Aggrieved by Order in Appeal u/s. 37, MOSL has filed Appeal in Supreme Court to disallow claim of the client and set aside Orders passed by Lower Courts / Forums.	Pending with Supreme Court
36	MOFSL Vs. Rajesh Tiwari	Client has challenged the High Court, Mumbai Order.	Pending with High Court
37	MOSL Vs. Anuj Jaipuria	Execution proceedings filed against the Award dated 1st July, 2016.	Pending with District Court

38	Shakuntala Koshta Vs. MOSL	The Client being aggrieved by the Award passed in favor, filed 34 before District Court Jabalpur	Pending with District Court
39	Shakuntala Koshta Vs. MOSL	Aggrieved by Award dated April 4, 2016, MOSL filed Appeal	Pending with District Court
40	MOSL Vs. Mamta Agarwal & Ors	Aggrieved by Award, MOSL filed Appeal before Mumbai Highcourt	Pending with High court
41	MOFSL Vs. Moti Dadlani	Execution proceedings filed against the Award dated 2nd Feb, 2016.	Pending with High court
42	Vinay Chillalsethi Vs. MOSL	Aggrieved by the Appellate Award at NSE, Bangalore MOSL filed an Appeal before District Court at Bangalore.	Pending with District Court
43	MOFSL Vs. Moti Dadlani	Moti Dadlani aggrieved by the lower bench award have filed appeal in mumbai high court	Pending with High court
44	MOFSL Vs. Limelight	Arbitrator has passed award in favour of MOFSL. We have filed an application before Mumbai High Court for transfer of decree from Mumbai to Kolkata and the same is pending.	Pending with High court
45	MOCBPL Vs. Tejashree Narsapurkar & ors	MOCBPL had initially filed Arbitration to recover the debit balance from the client. Bring Aggrieved by the Award, the client filed Appeal before the District Court at Nagpur.	Pending with District Court
46	MOCBPL Vs. Vinay Deshmukh & Ors	MOCBPL had initially filed Arbitration to recover the debit balance from the client. Bring Aggrieved by the Award, the client filed Appeal before the District Court at Nagpur.	Pending with District Court
47	MOSL Vs. Anil Reddy	We have filed execution proceedings.	Pending with District Court
48	MOSL Vs. Srinivas Reddy	We have filed execution proceedings.	Pending with District Court

49	Shanti Goel Vs. MOSL	The Sub broker has alleged regarding the some illegal debits in her account. The Lower bench of the Arbitration passed Award in favor of MOSL and hence, aggrieved by the said Award and Appellate Award the sub broker filed the appeal u/s. 34 at Delhi High Court.	Pending with High court
50	Surender Goel Vs. MOSL	The Client has made allegations regarding the debits in his account and few illegal adjustments. The Client being aggrieved by the Award and appellate Award, filed appeal u/s. 34 at High Court, Delhi	Pending with High court
51	Vinay Chillalsethi Vs. MOSL	We have filed Appeal u/s. 34 before Chennai High Court	Pending with High court
52	Rohtash Vs. MOSL	The client has alleged the unauthorized trading in both cash and F&O segment in their account.	Pending with High court
53	MOFSL Vs. ERA Housing	MOFSL claiming recovery for award dated 9th April, 2015 passed in favour of MOFSL. We have supplied correct address. Case is now fixed on 4-Nov-16	Pending with District Court, Patiala
54	MOFSL Vs. Murli Industries	Execution proceedings filed and the same are pending for attachment. We are filing application for grant of police aid.	Pending with District Court
55	Anil Agarwal Vs. MOSL	Being aggrieved by the Award passed by High Court in application u/s 34 appeal is filed by MOSL before High Court, Mumbai. MOSL filed notice of Motion before High Court Mumbai and it is pending for hearing.	Pending with High court
56	Idea International Vs. MOSL	Being aggrieved by the Award passed by High Court in application u/s 34 appeal is filed by MOSL before High Court, Mumbai.	Pending with High court
57	Idea International Vs. MOSL	Being aggrieved by the Award passed by High Court in application u/s 34 appeal is filed by MOSL before High Court, Mumbai.	Pending with High court
58	Sandeep Paul Vs. MOSL	Being aggrieved by the Appellate Bench Award, the client filed Application u/s. 34 before the High Court, Delhi	Pending with High court

59	MOSL Vs. S&D Financial	The Arbitration Department, of the NSE had, vide their award dated September 22, 2006, ("Award"), directed that the S&D Financial to pay MOSL Rs.7,63,667/- alongwith simple interest thereon @ 18% p.a. from October 16, 2006 till the actual date of repayment. The Client has challenged the Award before High Court, Kolkata.	Pending with High court
60	Nirtex vs. MOFSL and Ors.	The client has filed Commercial Suit	Pending with High court
61	Ketan Shah Vs. MOFSL and Ors.	The client has filed Commercial Suit	Pending with High court
62	MOFSL Vs. Pradnya Sarkhot	Suit is filed under specific performance of agreement.	Pending with Civil Court, Ratnagiri
63	Rumky Chakraborty Vs. MOFSL	Client filed the Money Suit for recovery against both MOFSL (formerly known as MOFSL ) and the BA Dipayan Sebgupta claiming 20 Lakhs as principal along with 18% interest.	Pending with Civil Court, Baruipur, WB
64	MOFSL Vs. UCO Bank	MOFSL (formerly known as MOFSL) has filed an application for restoring the possession of the Licensed premises at Ghatkopar	Pending with Debit Recovery Tribunal -2, Mumbai
65	Sukhuvinder Singh & anr v/s Navratna Co-Op Housing Society Ltd & others	Plaintiff filed suit for allotment of covered car parking. No claim against MOFSL.	Pending with Bombay City Civil Court at Borivali Division, Dindosi
66	Karan Kapoor V/s MOFSL	Client filed the Suit for recovery against MOFSL claiming 15 Lakhs as principal along with interest.	Pending with Civil Judge, Senior Division, Gurugram
67	Anju Kapoor V/s MOFSL	Client filed the Suit for recovery against MOFSL claiming 5 Lakhs as principal along with interest.	Pending with Civil Judge, Senior Division, Gurugram

68	Manoj Agarwal V/s Kajaria Ceramisc Ltd and other	Client filed the Suit for recovery against Kajaria Ceramisc Ltd and other. MOFSL proforma party to the proceeding and no prayer against MOFSL.	Pending with Asst. Deputy Commissioner, Shillong
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3. Details of all enforcement actions taken by SEBI in the last five years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

a. SEBI vide its letter dated April 29, 2014 in the matter of Mr. CR Mohanraj, notified MOFSL about the appointment of an Adjudicating Officer to hold an inquiry and adjudge violation of SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992, and issued a Show Cause Notice as to why an inquiry should not be held against MOFSL (under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with section 15-I of SEBI Act, 1992) and why penalty should not be imposed (under section 15HB of the SEBI Act, 1992). The Show Cause Notice alleged that MOFSL had violated Regulation 18 and Clause A(1), A(2), A(4), A(5), B(4)(a), B(4)(b) and B(7) of the Code of Conduct for Stock Brokers (as specified under Scheduled II read with Regulation 9(f) of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and SEBI Circular No. SEBI/MIRSD/DPS-1/Cir-31/2004 dated August 26, 2004). In response, MOFSL requested for an opportunity to inspect all the documents and records relied upon by SEBI, but were provided with (a) an incomplete set of documents; and (b) illegible duplicates of some of the documents without the originals.

Notwithstanding the foregoing, MOFSL refuted the allegations in its letter of March 12, 2015 to SEBI on the grounds that the client's shares were sold only with his consent, which is evidenced from (a) his voluntary signing of the Member Client Agreement which granted MOFSL the authority to deal in the Capital Market, Futures and Options, and Derivatives segments of the securities market on the client's instructions; (b) his signing of numerous Delivery Instruction Slips for transferring shares from his demat account to MOFSL as collateral for trading; and (c) the periodic receipt of electronic contract notes and accounting statements sent by MOFSL to the client. MOFSL also highlighted that the client had failed to bring the alleged irregularities and discrepancies to the MOFSL's attention within the stipulated 24-hour period. After hearing the matter, SEBI vide its order EAD-12/ AO/SM/ 145 /2017-18 dated January 11, 2018 imposed penalty of Rs. 2,00,000/- ( Rupees Two Lakhs Only), stating that MOFSL did not take proper care in securing the important document which was misplaced and could not be traced

b. SEBI vide Notice dated May 09, 2019, under Rule 4 (1) of SEBI (Procedure for holding Inquiry and Imposing penalties by Adjudicating Officer) rules , 2005 inquired into alleged violation of the provisions of SEBI circular no. SMD/SED/CIR/93/23321 dated November 18, 1993.

SEBI conducted Inspection of MOFSL to examine whether MOFSL has complied with requirements of SEBI circular dated November 18, 1993. Inspection team observed the MOFSL has mis-utilised the funds of client's credit balance lying with the broker for the settlement obligation of the debit balance clients. MOFSL in its reply submitted that

Inspection team has not included margin requirements of clients while calculating total creditor balance and hence the same is on higher side and that there would be considerable decrease in the figures if the margin dues are deducted from creditor balance. SEBI did not accept argument of the MOFSL since the margins collected from clients are in the form of funds and/or securities. The fund portion of the margin collected from the client has already been considered while calculating client deposits with the broker.

In view of the above SEBI called upon to show cause as to why an inquiry should not be held against MOFSL in terms of Rule 4 of the Adjudication Rules read with Section 23 of the SCRA 1956 and why penalty should not be imposed on terms of the provisions of Section 23D of the SCRA 1956.

MOFSL has filed its reply dated October 03, 2019. SEBI has passed adjudication order dated 28th February, 2020 against MOFSL and imposed a monetary penalty of Rs. 17,00,000/- to be paid within 45 days of order issued. We have paid penalty to SEBI and the matter is closed.

- c. SEBI has initiated Adjudication vide letter dated December 11, 2019, for transactions of a customer in the scrip of Zylog Systems Limited. MOFSL has accepted the order for trading in ZSL from person other than client without any authority i.e. the trade order was issued by Mr. P Srikanth, husband of Client, Mrs. Srikanth Sripriya instead of client herself. With regard to aforesaid, MOFSL sent the reply to SEBI on December 30, 2019 thereby denying the said allegations and to understand the reasons for issuance of said notice without any factual background. MOFSL sent reply to SEBI on May 20, 2020. Further our officials attended the video hearing with SEBI officials on 26<sup>th</sup> May, 2020. SEBI issued an Order dated 28<sup>th</sup> May, 2020 whereby they disposed-of the SCN without any penalty or action. The matter is disposed off

*MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench. The existing registration no(s) of MOSL would be used until receipt of new MOFSL registration numbers.*

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

**None**

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

**None**



**The Scheme under this Scheme Information Document was approved by the Trustees at their meeting held on October 27, 2010. The Trustees have ensured that the Scheme is a new product offered by Motilal Oswal Mutual Fund and is not a minor modification of its existing Scheme/Fund/Product.**

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

**For Motilal Oswal Asset Management Company Limited**  
(Investment Manager to Motilal Oswal Mutual Fund)

Sd/-

**Aashish P Somaiyaa**  
**Managing Director & Chief Executive Officer**

Place: Mumbai

Date: June 30, 2020

**MOTILAL OSWAL MUTUAL FUND**

**Collection Center**

**Motilal Oswal Asset Management Company Limited**

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