



**SCHEME INFORMATION DOCUMENT**

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

(An open ended index exchange traded und)

<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 Free Float Midcap 100 Index, subject to tracking error</li> <li>• investment in equity securities of Nifty Free Float 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>	Registered Office and Corporate Office: 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, 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, 2016.

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**HIGHLIGHTS/SUMMARY OF THE SCHEME**

<b>Name of the Scheme</b>	Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)
<b>Type of the Scheme</b>	An open ended Index Exchange Traded Fund
<b>Investment Objective</b>	The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of Nifty Free Float 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 Free Float Midcap 100 Index in the same proportion as in the Index.
<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>Benchmark</b>	Nifty Free Float Midcap 100 Index
<b>Transparency/NAV Disclosure</b>	<p>The AMC will calculate and disclose the NAV of the Scheme on all business days. The NAV of the Scheme shall be published at least in two daily newspapers. The AMC will update the NAVs on its website <a href="http://www.mostshares.com">www.mostshares.com</a> and also on AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a> before 9.00 p.m. on every business day. 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.</p> <p>The AMC shall disclose the Portfolio of the Scheme within one month from the close of each half year (i.e. 31st March and 30th September) either by sending a complete statement to all the Unitholders or by publishing the same by way of advertisement in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The portfolio statement will also be displayed on the website of the AMC and AMFI.</p> <p>Further, the AMC shall also disclose the portfolio of the Scheme as on the last day of the month on AMC's website (<a href="http://www.mostshares.com">www.mostshares.com</a> and <a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a>) on or before the tenth day of the succeeding month. The Investors will be able to view and download this monthly portfolio from</p>

	<p>the AMC's website on the following link <a href="http://www.mostshares.com/downloads/mutualfund/Month-End-Portfolio">http://www.mostshares.com/downloads/mutualfund/Month-End-Portfolio</a>.</p> <p>The AMC shall also make available the Annual Report of the Scheme within four months of the end of the financial year.</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>Loads</b>	<p>Entry Load: Not Applicable</p> <p>Exit Load: Nil</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>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.
- **Risks associated with investing in Equities**

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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.
- **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.

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

As MOST Shares Midcap 100 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, if any**

- 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, 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.
- 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.
- Pursuant to Regulation 24(b) of SEBI (MF) Regulations, the AMC has obtained NOC to conduct Portfolio Management Services and is registered with SEBI under SEBI (Portfolio Managers) Regulations, 1993 as Portfolio Manager vide Registration No. INP000000670. The PMS registration certificate is valid till September 15, 2017. Further the AMC has also obtained NOC to provide advisory services to its wholly owned subsidiary company in Mauritius. AMC confirms that there is no conflict of interest between the aforesaid activities managed by AMC.
- Apart from the above-mentioned activities, the AMC may undertake any other business activities including activities in the nature of management and advisory services to offshore funds, financial consultancy and exchange of research on commercial basis etc., subject to receipt of necessary regulatory approvals and approval of Trustees. The AMC shall ensure that such activities are not in conflict with the activities of the mutual fund.
- 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 Common Reporting Standard (CRS). The CRS on AEOI requires the financial institution of the “source” jurisdiction to collect and report information to their tax authorities about account holders “resident” in other countries, such information having to be transmitted “automatically” annually. Accordingly, Income Tax Rules, 1962 were amended to provide legal basis for the reporting financial institution for maintaining and reporting information about the reportable accounts.

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



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

**Disclaimers:**

**India Index Services & Products Ltd. (IISL)**

- (i) The Product i.e. Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100) is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited ("IISL"). IISL 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 Free Float Midcap 100 Index to track general stock market performance in India. The relationship of IISL 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 IISL without regard to the Licensee or the Product. IISL 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 Free Float Midcap 100 Index. IISL 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. IISL has no obligation or liability in connection with the administration, marketing or trading of the Product”.
- (ii) IISL does not guarantee the accuracy and/or the completeness of Nifty Free Float Midcap 100 Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. IISL 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 Free Float Midcap 100 Index or any data included therein. IISL 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, IISL 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 MOST Shares Midcap 100 ETF (MOST Shares Midcap 100) 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>Asset Management Company / AMC / Investment Manager</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

	<p>service centre/official point of acceptance where the application is received</p> <p>(f) a day on which sale and repurchase of units is suspended by the Trustee/AMC</p> <p>(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.</p> <p>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.</p>
<b>Creation Unit</b>	<p>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".</p> <p>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.</p>
<b>Custodian</b>	<p>A person who has been granted a certificate of registration to carry on the business of custodian of securities by SEBI under the SEBI (Custodian of Securities) Regulations, 1996 which for the time being is Citibank N.A.</p>
<b>Cut-off time</b>	<p>A time prescribed in the SID upto which an Investor can submit a Purchase request / Redemption request for that Working Day.</p>
<b>Depository</b>	<p>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).</p>
<b>Depository Participant</b>	<p>A person registered as a participant under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.</p>
<b>Dividend</b>	<p>Income distributed by the Mutual Fund on the units of the Scheme.</p>
<b>Exit Load</b>	<p>Load on repurchase / redemption of units.</p>
<b>Exchange / Stock Exchange</b>	<p>Recognized Stock Exchange(s) where the units of the Scheme are listed.</p>
<b>Exchange Traded Fund / ETF</b>	<p>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.</p>
<b>FII</b>	<p>Foreign Institutional Investors (FII) means an institution established and incorporated outside India, and registered with SEBI under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.</p>
<b>Foreign Portfolio Investor or FPI</b>	<p>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.</p>
<b>IISL</b>	<p>India Index Services &amp; Products Ltd. (IISL), a subsidiary of NSE Strategic Investment Corporation Limited.</p>

<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, Collateralised Borrowing & Lending Obligation (CBLO), 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, a trust set up under the provisions of Indian Trust Act, 1882 and registered with SEBI vide Registration no. MF/063/09/04.
<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 Free Float Midcap 100 Index</b>	Nifty Free Float Midcap 100 Index means an Index owned and operated by India Index Services & Products Ltd. (IISL).
<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.
<b>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
<b>Registrar and Transfer Agent</b>	Karvy Computershare Pvt. Ltd., Hyderabad, is currently acting as registrar to the Scheme, or any other Registrar appointed by the AMC from time to time.
<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 MOST Shares Midcap 100 ETF (MOST Shares Midcap 100).
<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 Securities Ltd. (MOSL)
<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>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., 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 from time to time.
<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 “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).

## **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.

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

**Sd/-**

**Sarika Shah  
Compliance Officer**

**Place: Mumbai**

**Date: June 30, 2016**

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

An open ended Index Exchange Traded Fund.

### B. INVESTMENT OBJECTIVE

The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of Nifty Free Float 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 above stated percentages are indicative and not absolute.

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 Free Float 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, 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 position limit for the Fund in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts shall be as follows:



1. For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.
2. For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore whichever is lower.

**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.

## E. INVESTMENT STRATEGY

The Scheme employs an investment approach designed to track the performance of Nifty Free Float Midcap 100 Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty Free Float 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 Free Float 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 in the Scheme**

AMC may invest in the Scheme on an ongoing basis in accordance with the SEBI (MF) Regulations. The AMC shall not charge investment management fees on investment by the AMC in the Scheme.

The AMC will also invest a portion of its assets into the Scheme as seed capital to the extent mandated by the SEBI Regulations and such seed capital will not be redeemed or withdrawn by the AMC until the winding up of the Scheme.

**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.

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: Open Ended Index Exchange Traded Fund

(ii) Investment Objective:

- o Investment Objective: Please refer to section 'Investment Objective'.
- o 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 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 Free Float Midcap 100 Index. 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.

## **H. FUND MANAGER**

<b>Name of the Fund Manager</b>	Mr. Taher Badshah
<b>Age</b>	46 years
<b>Designation</b>	Senior Vice President and Head - Equity
<b>Qualification</b>	BE (Electronics) and MMS (Finance) from the University of Mumbai
<b>Years of Experience</b>	Mr. Taher Badshah has over 21 years of experience in the fund management and investment research.

*SID of Motilal Oswal MOST Shares Midcap 100 ETF*

	<ul style="list-style-type: none"> <li>• Motilal Oswal Asset Management Company Ltd. from June 2010 onwards</li> <li>• Kotak Investment Advisors Ltd.- Investment Advisor from September 2007 to May 2010</li> <li>• Prudential ICICI Asset Management Company Ltd.- Senior Fund Manager-PMS from September 2005 to August 2007</li> <li>• Alliance Capital Asset Management Pvt. Ltd.- Sr. Research Analyst from January 2005 to August 2005</li> <li>• Kotak Institutional Equities Ltd.- Sr. Research Analyst from November 2001 to December 2004</li> <li>• Dresdner Kleinwort Wasserstein- Research Analyst from November 2000 to July 2001</li> </ul> <p>Mr. Taher Badshah is also the fund manager of the Scheme, MOST Focused 25, MOST Focused Midcap 30, MOST Shares M50 and Co-Fund Manager of the Scheme, MOST Focused Multicap 35.</p>
<b>Tenure for which the Scheme is managed</b>	<p>Mr. Taher Badshah has managed the Scheme for the following period:</p> <ul style="list-style-type: none"> <li>• From June 26, 2013 to January 19, 2014 and</li> <li>• From August 10, 2015 till date.</li> </ul>

## 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
  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:
    - (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.
    - (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 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.
  8. The Scheme shall not make any investment in any fund of funds Scheme.
  9. 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.
  10. 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.
  11. 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.
  12. No term loans will be advanced by the Scheme.
  13. The Scheme will comply with any other Regulations applicable to the investments of Mutual Funds from time to time.

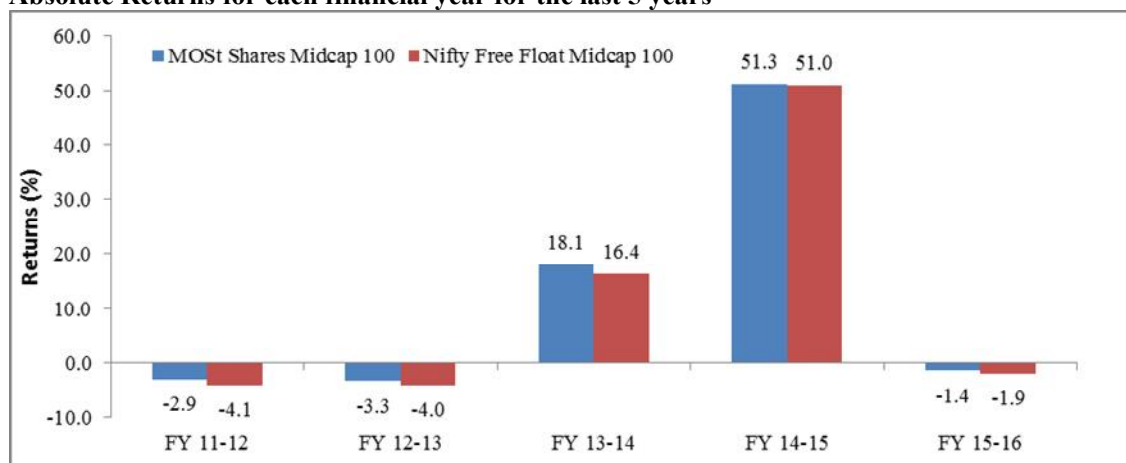
All investment restrictions shall be applicable at the time of making investments. The AMC/ Trustees from time to time may alter these investment restrictions in conformity with the SEBI Regulations, so as to permit the Scheme to make its investments in the full spectrum of permitted investments to achieve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

## J. SCHEME PERFORMANCE

Performance of the Scheme as on March 31, 2016:

Compounded Returns	Annualised Returns	Scheme Returns (%)	Benchmark Returns (%)
		MOST shares Midcap 100	Nifty Free Float Midcap 100 Index
Returns for the last 1 year		-1.35	-1.91
Returns for the last 3 year		20.77	19.86
Returns for the last 5 year		10.58	9.65
Returns since inception		10.61	9.65

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



**Note:** Past performance may or may not be sustained in future. 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.

## K. ABOUT NIFTY FREE FLOAT 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 Free Float Midcap 100 Index is to capture the movement and be a benchmark of the midcap segment of the market.

### Method of Computation

Nifty Free Float 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. Nifty Free Float Midcap 100 Index was computed using market capitalization weighted method from the launch date till February 25, 2010.

### Base Date and Value

The Nifty Free Float 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.
- 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 Free Float 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 Free Float 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 fulfills 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, 2016)

Security Name	Weightage	Security Name	Weightage
Bajaj Finance Ltd.	2.88	Arvind Ltd.	0.85
JSW Steel Ltd.	2.68	Steel Authority Of India Ltd.	0.83
Marico Ltd.	2.38	Mphasis Ltd.	0.83
Bajaj Finserv Ltd.	2.19	Kansai Nerolac Paints Ltd.	0.81
Shree Cement Ltd.	2.18	Hindustan Zinc Ltd.	0.81
Siemens India Ltd.	2.03	Gujarat Pipavav Port Ltd.	0.79
Container Corp Of India Ltd.	2.01	Indraprastha Gas Ltd.	0.78
Piramal Enterprises Ltd.	2.00	Apollo Tyres Ltd.	0.76
Pidilite Industries Ltd.	1.92	L&T Finance Holdings Ltd.	0.72
Apollo Hospitals Enterprise Ltd.	1.80	Natco Pharma Ltd.	0.71
Mahindra And Mahindra Financial Services Ltd.	1.59	CESC Ltd.	0.69
Havells India Ltd.	1.57	Gujarat State Petronet Ltd.	0.69
Petronet Lng Ltd.	1.53	Sanofi India Ltd.	0.69
Cadila Healthcare Ltd.	1.45	Reliance Power Ltd.	0.66
Indian Hotels Co. Ltd.	1.41	Dish TV India Ltd.	0.65
SKS Microfinance Ltd.	1.41	Sun TV Network Ltd.	0.65
MRF Ltd.	1.41	Century Textile & Industries Ltd.	0.64
Cairn India Ltd.	1.40	SRF Ltd.	0.63
Page Industries Ltd.	1.39	Thermax Ltd.	0.62
Bharat Electronics Ltd.	1.39	Ajanta Pharmaceuticals Ltd.	0.60
Oracle Financial Services Software Ltd.	1.38	IPCA Laboratories Ltd.	0.60

*SID of Motilal Oswal MOST Shares Midcap 100 ETF*

Tata Chemicals Ltd.	1.35	Great Eastern Shipping Company Ltd.	0.60
Voltas Ltd.	1.35	Tata Communications Ltd.	0.59
Exide Industries Ltd.	1.35	Bata India Ltd.	0.58
Reliance Infrastructure Ltd.	1.34	Dewan Housing Finance Corporation Ltd.	0.58
NMDC Ltd.	1.31	Union Bank Of India Ltd.	0.58
Mindtree Ltd.	1.31	Persistent Systems Ltd.	0.57
The Ramco Cements Ltd.	1.29	IRB Infrastructure Developers Ltd.	0.56
Amara Raja Batteries Ltd.	1.27	Godrej Industries Ltd.	0.56
Power Finance Corporation Ltd.	1.27	Tata Elxsi Ltd.	0.55
NHPC Ltd.	1.24	Canara Bank Ltd.	0.54
Glaxosmithkline Consumer Healthcare Ltd.	1.23	Torrent Power Ltd.	0.54
ABB India Ltd.	1.18	GMR Infrastructure Ltd.	0.53
Emami Ltd.	1.18	JSW Energy Ltd.	0.52
Torrent Pharmaceuticals Ltd.	1.18	Jubilant Foodworks Ltd.	0.52
Strides Shasun Ltd.	1.17	Adani Power Ltd.	0.50
Rajesh Exports Ltd.	1.16	South Indian Bank Ltd.	0.49
DLF Ltd.	1.11	Alembic Pharmaceuticals Ltd.	0.48
TVS Motor Company Ltd.	1.09	IDBI Bank Ltd.	0.47
Procter & Gamble Hygiene & Healthcare Ltd.	1.06	Wockhardt Ltd.	0.47
Karur Vysya Bank Ltd.	1.05	NCC Ltd.	0.44
Vakrangee Ltd.	0.99	Jubilant Life Sciences Ltd.	0.43
Suzlon Energy Ltd.	0.94	Sintex Industries Ltd.	0.42
Tata Global Beverages Ltd.	0.94	DCB Bank Ltd.	0.42
United Breweries Ltd.	0.92	Jindal Steel & Power Ltd.	0.42
Crisil Ltd.	0.91	Justdial Ltd.	0.41
Reliance Communication Ventures Ltd.	0.89	Bank Of India	0.40
Oil India Ltd.	0.89	Adani Enterprises Ltd.	0.39
Reliance Capital Ltd.	0.87	Sun Pharma Ad. Ltd.	0.36
Biocon Ltd.	0.86	Ceat Ltd.	0.30

## L. ADDITIONAL DISCLOSURES

### A. Scheme's Portfolio Holdings

The top 10 portfolio holdings of the Scheme as on May 31, 2016 are as follows:

Sr. No.	Name of the Issuer	% to Net Assets
1.	Bajaj Finance Limited	2.88
2.	JSW Steel Limited	2.71
3.	Marico Limited	2.34
4.	Container Corporation of India Limited	2.21
5.	Piramal Enterprises Limited	2.19
6.	Shree Cements Limited	2.11
7.	Bajaj Finserv Limited	2.06
8.	Pidilite Industries Limited	1.98
9.	Siemens Limited	1.97
10.	Apollo Hospitals Enterprise Limited	1.94



## B. Sector Allocation of the Scheme

Sector Allocation of the scheme as recommended by AMFI is as follows: (As on May 31, 2016)

Sectors	(%) Exposure
Automobile	6.39
Construction	4.01
Consumer Goods	13.17
Energy	10.08
Financial Services	16.16
Industrial Manufacturing	6.40
Media & Entertainment	1.30
Metals	5.98
Pharma	11.50
Telecom	1.46
Chemicals	3.36
Services	5.08
Cement & Cement Products	3.95
Information Technology	6.21
Textiles	2.87
Healthcare Services	1.94

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 (As on May 31, 2016)

The Portfolio Turnover Ratio of the Scheme, MOST Shares Midcap 100 is 0.35.

## 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	1.50%
Net Assets after expenses	10,835
Return on invested amount before expenses	1,000
Return on invested amount after expenses	835
Return on invested amount before expenses (%)	10.00%
Return on invested amount after expenses (%)	8.35%

The figures stated above are for illustration purposes only.

## E. Investment Disclosure

The aggregate investment in the Scheme by the following as on May 31, 2016 is as follows:

Categories	Amount (Rs.)
Directors of AMC	Nil
Fund Manager of the Scheme	Nil
Other Key Managerial Personnel	269,202.16

*SID of Motilal Oswal MOST Shares Midcap 100 ETF*

### Differentiation of MOST Shares Midcap 100 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, 2016)	Number of Folio's (As on May 31, 2016)
Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the Nifty 50 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.	The Scheme would invest at least 95% in the securities constituting Nifty 50 Index and the balance in debt and money market instruments and cash at call.	MOST Shares M50 is an open ended exchange traded fund which invests in securities constituting Nifty 50 Index.	21.96	4,277
Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap100)	The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of Nifty Free Float 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.	The Scheme would invest at least 95% in the securities constituting Nifty Free Float Midcap 100 Index and the balance in debt and money market instruments and cash at call.	MOST Shares Midcap100 is an open ended Index exchange traded fund which invests in securities constituting Nifty Free Float Midcap 100 Index in the same proportion as in the Index.	37.16	3,780
Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 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 at least 95% in the securities constituting NASDAQ-100 Index 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 Index.	The Scheme will invest in the securities which are constituents of NASDAQ-100 Index in the same proportion as in the Index.	63.55	2,903

<p>Motilal Oswal MOST Focused 25 Fund (MOST Shares Focused 25)</p>	<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 at least 90% in Equity and equity related instruments and balance in Debt and Money Market Instruments, G-Secs, Bonds</p>	<p>The Scheme is an open ended equity scheme 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 25% in equity and equity related instruments of the next 50 companies by market capitalization and the balance upto 10% in debt, money market instruments, G-secs, Bonds, cash and cash equivalents, etc.</p>	<p>334.11</p>	<p>24,487</p>
<p>Motilal Oswal MOST Ultra Short Term Bond Fund (MOST Ultra Short Term Bond Fund)</p>	<p>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.</p>	<p>The Scheme would invests in Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments</p>	<p>The Scheme is an open ended debt Scheme which will invests in debt instruments and money market instruments</p>	<p>143.07</p>	<p>4,476</p>

	However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	with average maturity less than equal to 12 months	with average maturity less than or equal to 12 months.		
Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)	<p>The investment objective of the Scheme is to achieve long term capital appreciation by 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>The Scheme would invest at least 65-100% in Equity and equity related instruments* selected between Top 101<sup>st</sup> and 200<sup>th</sup> listed companies by market capitalization and upto 25% in Equity and equity related instruments* beyond the Top 200<sup>th</sup> listed company and with market capitalization not lower than the smallest company in the Nifty Free Float Midcap 100 Index and balance 10% in Debt, Money Market Instruments, G-Sec, Bonds, Cash and cash equivalents, etc. *subject to overall limit of 30 companies</p>	<p>The Scheme is an open ended equity scheme with investment objective to achieve long term capital appreciation by investing in 65-100% in Equity and equity related instruments* selected between Top 101<sup>st</sup> and 200<sup>th</sup> listed companies by market capitalization and upto 25% in Equity and equity related instruments* beyond the Top 200<sup>th</sup> listed company and with market capitalization not lower than the smallest company in the Nifty Free Float Midcap 100 Index and balance 10% in Debt, Money Market Instruments, G-Sec, Bonds, Cash and cash equivalents, etc. *subject to overall limit of 30 companies</p>	1,083.52	40,592
Motilal Oswal	The investment objective	The scheme would	The scheme is	3,764.11	100,669

MOST Focused Multicap 35 Fund (MOST Focused Multicap 35)	of the Scheme is to achieve long term capital appreciation by primarily investing in a maximum of 35 equity & equity related instruments across sectors and market-capitalization levels.	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	an open ended diversified equity scheme which with an objective to achieve long term capital appreciation by investing in securities across sectors and market capitalization levels.		
Motilal Oswal MOST Focused Long Term Fund (MOST Focused Long Term)	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 3 year lock in with an objective to generate long term capital appreciation.	145.27	22,327

### 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>  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 2,50,000 units and in multiples thereafter.</p>
<p><b>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</b>  This is the price you will receive for redemptions/switch outs.</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 redeemed in round lots of 1 unit.</p> <p><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 2,50,000 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</p>

	<p>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 2,50,000 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><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 2,50,000</p>

	units and in multiples thereof.
<b>Plans/Options Offered</b>	The Scheme offers only Growth Option.
<b>Dematerialization</b>	<p>i. The units of the Scheme are available in the Dematerialized (electronic) mode.</p> <p>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.</p> <p>iii. The units of the Scheme are issued/repurchased and traded compulsorily in dematerialized form.</p> <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 you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.</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> <ol style="list-style-type: none"> <li>1. Resident adult individuals, either singly or jointly (not exceeding three) or on anyone or Survivor basis.</li> <li>2. Minors through Parents/Lawful Guardian.</li> <li>3. Hindu Undivided Family (HUF) through its Karta.</li> <li>4. Partnership Firms in the name of any one of the partner.</li> <li>5. Proprietorship in the name of the sole proprietor.</li> <li>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.</li> <li>7. Banks (including co-operative Banks and Regional Rural Banks), Financial Institutions.</li> <li>8. Mutual Fund schemes registered with SEBI.</li> <li>9. Non-Resident Indians (NRIs) / Persons of Indian Origin (PIOs) residing abroad on repatriation basis and on non-repatriation basis.</li> <li>10. Foreign Institutional Investors (FII) registered with SEBI on repatriation basis (subject to RBI approval).</li> <li>11. Foreign Portfolio Investors registered with SEBI.</li> <li>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.</li> <li>13. Army, Air Force, Navy, Para-military funds and other eligible institutions.</li> <li>14. Scientific and Industrial Research Organizations.</li> <li>15. Multilateral Funding Agencies or Bodies Corporate incorporated outside India with the permission of Government of India Reserve Bank of India.</li> <li>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.</li> <li>17. Provident / Pension / Gratuity / Superannuation and such</li> </ol>



	<p>other retirement and employee benefit and other similar funds as and when permitted to invest.</p> <p>18. Other Associations, Institutions, Bodies etc. authorized to invest in the units of Mutual Fund.</p> <p>19. Trustees, AMC, Sponsor or their associates may subscribe to the units of the Scheme.</p> <p>20. Such other categories of investors permitted by the Mutual Fund from time to time, in conformity with the SEBI Regulations.</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>	<p>As the units of the Scheme are in demat, the depository participant with whom the Unitholder has a depository account will send a statement of transactions in accordance with the byelaws of the depository which will contain the details of transaction of units.</p> <p>Note: The AMC may not furnish separate accounts statement to the Unitholders since the statement of accounts furnished by depository participant will contain the details of transactions in these units and this would be deemed to be adequate compliance with the requirements of SEBI regarding dispatch of statement of accounts.</p>
<b>Dividend</b>	The dividend warrants shall be dispatched to the Unitholders within 30 days of the date of declaration of the dividend.
<b>Dividend Policy</b>	<p>The Trustees may declare dividend subject to the availability of distributable surplus calculated in accordance with SEBI (MF) Regulations. The actual declaration of dividend and the frequency of distribution will be entirely at the discretion of the Trustees. The dividend would be paid to the Unitholders whose names appear in the Register of Unitholders as on the record date.</p> <p>There is no assurance or guarantee to the Unitholders as to the rate of dividend nor that the dividend would be paid regularly. If the Fund declares dividend, the NAV will stand reduced by the amount of dividend and dividend distribution tax (if applicable) paid. All the dividend payments shall be in accordance and compliance with SEBI &amp; NSE Regulations, as applicable from time to time.</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</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

<b>proceeds</b>	(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>Treatment of Unclaimed Dividend and Redemption</b>	<p>In accordance with SEBI Circular dated February 25, 2016, Mutual Funds shall provide the details of investors on their website like, their name, address, folios, etc. The website shall also include the process of claiming the unclaimed amount along with necessary forms and document. Further, the unclaimed amount along with its prevailing value shall be disclosed to investors separately in their periodic statement of accounts/CAS.</p> <p>Investors are requested to note that pursuant to the circular investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education.</p>
<b>Role of Authorised Participant</b>	<p>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.</p>
<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</p>

	<p>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> <p>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:</p> <p>i. <b>Liquidity issues</b> - when market at large becomes illiquid</p>

	<p>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.</p> <p>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.</p> <p>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</p> <p>b. Restriction on redemption may be imposed for a specific period of time not exceeding 10 working days in any 90 day period.</p> <p>c. Any such imposition requires specific approval of Board of AMCs and Trustees and the same shall be immediately 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>
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### **Example of Creation and Redemption of Units**

Each Creation Unit consists of 2,50,000 units of Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100). 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, 2016 for Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100) is as follows:

<b>Security in the Underlying Basket</b>	<b>Quantity</b>	<b>Price (Rs)</b>	<b>Value (in Rs)</b>
ABB India Ltd.	34	1,237.00	42,058.00
Adani Enterprises Ltd.	177	72.85	12,894.45

*SID of Motilal Oswal MOST Shares Midcap 100 ETF*

Adani Power Ltd.	574	29.80	17,105.20
Ajanta Pharma Ltd.	15	1,518.75	22,781.25
Alembic Pharmaceuticals Ltd.	31	532.55	16,509.05
Amara Raja Batteries Ltd.	52	839.60	43,659.20
Apollo Hospitals Enterprise Ltd.	49	1,369.10	67,085.90
Apollo Tyres Ltd.	182	156.45	28,473.90
Arvind Ltd.	90	319.45	28,750.50
Bajaj Finance Ltd.	13	7,588.80	98,654.40
Bajaj Finserv Ltd.	39	1,820.65	71,005.35
Bank Of India	158	86.65	13,690.70
Bata India Ltd.	38	572.40	21,751.20
Bharat Electronics Ltd.	37	1,178.25	43,595.25
Biocon Ltd.	41	717.55	29,419.55
Cadila Healthcare Ltd.	164	336.40	55,169.60
Cairn India Ltd.	351	145.15	50,947.65
Canara Bank.	92	206.40	18,988.80
Ceat Ltd.	13	924.00	12,012.00
Century Textiles & Industries Ltd.	33	622.45	20,540.85
CESC Ltd.	42	544.50	22,869.00
Container Corp Of India Ltd.	53	1,439.05	76,269.65
Crisil Ltd.	15	2,236.50	33,547.50
DCB Bank Ltd.	156	94.15	14,687.40
Dewan Housing Finance Corporation Ltd.	98	198.50	19,453.00
Dish TV India Ltd.	244	88.30	21,545.20
DLF Ltd.	285	129.90	37,021.50
Emami Limited	39	1,024.00	39,936.00
Exide Industries Ltd.	296	164.25	48,618.00
Glaxosmithkline Consumer Healthcare Ltd.	7	5,746.30	40,224.10
GMR Infrastructure Ltd.	1,475	11.25	16,593.75
Godrej Industries Ltd.	53	344.35	18,250.55
Gujarat Pipavav Port Ltd.	177	160.15	28,346.55
Gujarat State Petronet Ltd.	182	132.50	24,115.00
Havells India Ltd.	150	364.50	54,675.00
Hindustan Zinc Limited	159	170.75	27,149.25
IDBI Bank Limited	245	67.90	16,635.50
Indian Hotels Co Limited	321	117.60	37,749.60
Indraprastha Gas Ltd.	43	558.55	24,017.65
IPCA Laboratories Ltd.	43	429.90	18,485.70
IRB Infrastructure Developer Ltd.	93	220.50	20,506.50
Jindal Steel And Power Ltd.	218	63.25	13,788.50
JSW Energy Limited	220	71.15	15,653.00
JSW Steel	67	1,389.15	93,073.05
Jubilant Foodworks Ltd.	17	1,033.65	17,572.05
Jubilant Organosys Ltd.	45	362.65	16,319
Just Dial Limited	22	680.00	14,960

Kansai Nerolac Paints Ltd.	105	292.25	30,686
Karur Vysya Bank Ltd.	76	461.60	35,082
L&T Finance Holdings Ltd.	335	78.80	26,398
Mahindra & Mahindra Finance Securities Ltd.	167	321.55	53,699
Marico Ltd.	326	249.20	81,239
Mindtree Limited	73	660.90	48,246
Mphasis BFL Limited	53	524.25	27,785
MRF Ltd.	2	33,774.45	67,549
Natco Pharma Ltd.	51	482.40	24,602
National Hydroelectric Power Ltd.	985	23.30	22,951
NCC Ltd.	212	73.60	15,603
NMDCLtd.	499	88.25	44,037
Oil India Ltd.	87	350.00	30,450
Oracle Financial Services Software Ltd.	13	3,466.05	45,059
Page Industries Ltd.	3	13,794.90	41,385
Persistent Systems Ltd.	29	735.95	21,343
Petronet LNG Ltd.	186	273.55	50,880
Pidilite Industries Ltd.	97	706.25	68,506
Piramal Enterprises Ltd.	53	1,445.75	76,625
Power Financial Corporation Ltd.	269	163.70	44,035
Procter & Gamble Hygiene &Healthcare Ltd.	6	6,194.75	37,169
Rajesh Exports Ltd.	86	573.65	49,334
Ramco Cements Ltd.	86	491.70	42,286
Reliance Capital Limited	72	410.90	29,585
Reliance Communication Ventures Ltd.	642	46.95	30,142
Reliance Infrastructure Ltd.	87	538.10	46,815
Reliance Power Limited	447	52.00	23,244
Sanofi India Ltd.	6	4,192.20	25,153
Shree Cement Limited	6	13,129.95	78,780
Siemens India Ltd.	56	1,204.20	67,435
Sintex Industries	196	81.05	15,886
SKS Microfinance Ltd.	72	650.30	46,822
South Indian Bank Ltd.	868	19.05	16,535
SRF Ltd.	18	1,297.10	23,348
Steel Authority Of India Ltd.	664	42.80	28,419
Strides Shasun Ltd.	38	1,111.65	42,243
Sun Pharma Advanced Research Ltd	47	281.95	13,252
Sun Tv Ltd.	62	374.95	23,247
Suzlon Energy Limited	1,852	15.90	29,447
Tata Chemicals Ltd.	110	431.70	47,487
Tata Communications Limited	45	457.25	20,576
Tata Elxsi Limited	11	1,800.60	19,807
Tata Global Beverages Ltd.	266	117.75	31,322
The Great Eastern Shipping Co. Ltd.	66	307.50	20,295
Thermax Ltd.	29	731.55	21,215

Torrent Power Ltd.	107	184.50	19,742
Torrent.Pharma Ltd.	31	1,341.75	41,594
TVS Motor Co Ltd.	130	284.65	37,005
Union Bank Of India	163	118.40	19,299
United Breweries Ltd.	42	725.60	30,475
Vakrangee Ltd.	198	179.20	35,482
Voltas Limited	147	335.90	49,377
Wockhardt Ltd.	17	916.95	15,588
<b>Value of Portfolio Basket</b>			<b>3,461,717</b>

Value of Portfolio Basket : Rs. 3,461,717

Value of Cash Component : Rs. 7,378

Total Value of Creation Unit : Rs. 3,469,095

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:

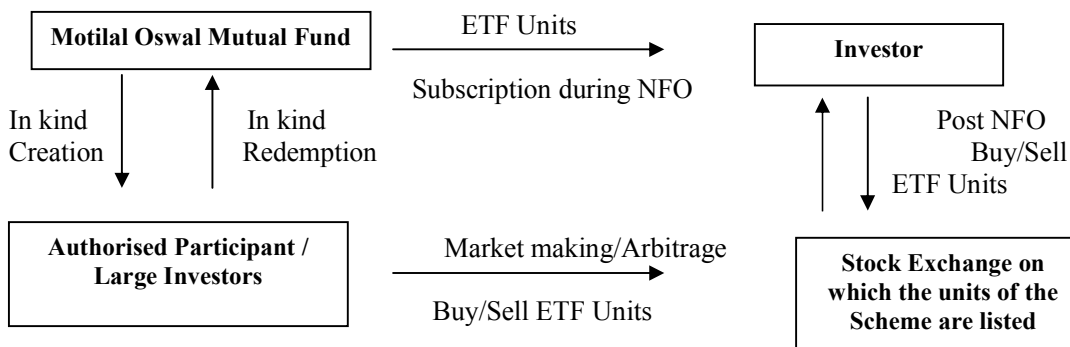
Number of units comprising one Creation Unit	2,50,000
NAV per unit	13.8764
Value of 1 Creation Unit	3,469,095
Value of Portfolio Deposit (predefined basket of securities of the Underlying Basket)	3,461,717
Cash Component	7,378

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 MOST Shares Midcap 100 ETF (MOST Shares Midcap 100) would work as follows:



### **C. PERIODIC DISCLOSURES**

<b>Net Asset Value</b>	The AMC shall declare the NAV of the Scheme on every business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 9.00 p.m. and also on our website <a href="http://www.mostshares.com">www.mostshares.com</a> . If the NAV is not available before the commencement of
This is the value per unit of the scheme on a particular day. You can	

*SID of Motilal Oswal MOST Shares Midcap 100 ETF*

<p>ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>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.</p> <p>Investors can also call the office of the AMC to obtain the NAV of the Scheme.</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 creation or redemption of units directly with the Fund.</p>
<p><b>Monthly Portfolio Disclosures</b></p>	<p>The Mutual Fund shall disclose the portfolio of the Scheme as on the last day of the month on AMC's website (<a href="http://www.mostshares.com">www.mostshares.com</a>) 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.</p>
<p><b>Half yearly Disclosures: Portfolio / Financial Results</b></p> <p>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 shall publish a complete statement of the Scheme portfolio within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the Mutual Fund is located.</p> <p>The Portfolio Statement will also be displayed on the website of the AMC/Mutual Fund and AMFI. The Mutual Fund shall within one month from the close of each half year, that is on 31st March and on 30<sup>th</sup> September, host a soft copy of its unaudited financial results on their website.</p> <p>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 Scheme wise Annual Report or an abridged summary thereof shall be mailed/e-mailed to all the Unitholders of the Scheme, not later than four months from the date of closure of relevant financial year i.e. March 31 each year.</p> <p>The scheme wise Annual Report or an abridged summary thereof shall be sent (i) by e-mail to the Unitholders whose e-mail address is available with the Fund and (ii) in physical copy to the Unitholders whose e-mail address is not available with the Fund and/or those Unitholders who have opted/requested for the same.</p> <p>Further, the annual report will be available for inspection at the registered office of the AMC and copy shall be made</p>



	available on specific request. Also, the Scheme wise annual report and an abridged summary thereof shall be displayed on our website <a href="http://www.mostshares.com">www.mostshares.com</a> and AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> and the link of the same will be displayed prominently on the website of the Fund.
<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.	For details on taxation please refer to the section 'Taxation on investing in Mutual Funds' in the SAI.
<b>Investor services</b>	<b>Mr. Nilesh Chonkar</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> 1800-200-6626 <b>Fax No.:</b> 02230896884 <b>Email.:</b> <a href="mailto:mfservice@motilaloswal.com">mfservice@motilaloswal.com</a>  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 1800-200-6626. Investors can also visit our website <a href="http://www.mostshares.com">www.mostshares.com</a> for complete details.

#### **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:

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

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.

<b>Particulars</b>	<b>(% per annum to daily Net Assets)</b>
Investment Management & Advisory Fee	Upto 1.50%
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	
Other expenses	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6)</b>	<b>Upto 1.50%</b>
Additional expenses under regulation 52 (6A) (c)	Upto 0.20%
Additional expenses for gross new inflows from specified cities under Regulation 52 (6A)(b)	Upto 0.30%

The purpose of the above table is to assist the investor in understanding the various costs & expenses that the investor in the Scheme will bear directly or indirectly. These estimates have been made in good faith as per the information available to the AMC and the above expenses (including investment management and advisory fees) are subject to inter-se change and may increase/decrease as per actual and/or any change in the Regulations, as amended from time to time.

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):

- a. 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.

- b. additional expenses upto 30 basis points on daily net assets of the scheme, if the new inflows from such cities as specified by SEBI from time to time 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.

In case, the inflows from such cities is less than the higher of (a) or (b) above, such additional expenses on daily net assets of the scheme will be charged on a proportionate basis.

The expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities

The amount incurred as expenses on account of inflows from such cities so charged shall be credited back to the Scheme in case, the said inflows are redeemed within a period of 1 year from the date of investment.

Currently, SEBI has specified that the above additional expenses may be charged for inflows from beyond 'Top 15 cities.' The top 15 cities shall mean top 15 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.

- c. additional expenses not exceeding 0.20% of daily net assets of the scheme, towards investment & advisory fees and/or towards recurring expenses as specified under 52(2) and 52(4) of the Regulations.

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

1. Service tax 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. Service tax on 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. Service tax on exit load, if any, will be paid out of the exit load proceeds and exit load net of service tax, if any, shall be credited to the scheme.
4. Service tax 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.

The AMC shall charge the investment management and advisory fees and the total recurring expenses of the Scheme in accordance with the limits prescribed from time to time under the SEBI Regulations. Expenses over and above the prescribed ceiling will be borne by the AMC / Trustee / Sponsor. The Trustee/ AMC reserves the right to change the expenses of the Scheme as capped above as and when it is allowed by SEBI to charge higher expenses under the Scheme.

The current expenses charged to the Scheme has been disclosed on the website of the Mutual Fund and in case of change, the Mutual Fund would update the current expense ratios on its website within two working days mentioning the effective date of the change.

### **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. 1800-200-6626 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 (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 April 2013 to March 2016, the NSE has levied penalties/fines on Motilal Oswal Securities Ltd. (MOSL), aggregating to Rs. 9,10,18,421.04/- 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 April 2013 to March 2016, the BSE has levied penalties/fines aggregating to Rs. 202838/- 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 April 2013 to March 2016, the CDSL has levied penalties/fines aggregating to Rs. 27415.25 on account of reasons viz: non-collection of proof of identity of clients, deviation in following of transmission procedure etc; whereas from penalty of Rs. 2686.93 were levied by NSDL during the course of MOSL operations. However the aforesaid penalties/fines as levied by CDSL and NSDL have been duly paid.

3. Details of all enforcement actions taken by SEBI in the last three 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 had pursuant to its investigation in the Initial Public Offering (IPO) of Vaswani Industries Ltd. (VIL) had observed that there were large scale of bids withdrawals and cheques were not banked along with bids applications or cheques returned or payment were stopped in the RII and NII categories. SEBI, for the purpose of further analysis has shortlisted Motilal Oswal Securities Limited (“MOSL”) along with other sub-syndicate members and called upon to show cause as to why action should not be taken under Regulation 25 and 27 of SEBI (Intermediaries) Regulation, 2008. The said Show Cause Notice has been issued alleging that MOSL have violated the provisions of Section 12 A (a), (b) and (c) of the

Securities and Exchange Board of India Act, 1992, Regulation 3 (b) and (d), 4 (1), 4 (2) (a) and (b) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and Clause 6 (a) of Schedule XI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. MOSL has replied to the above said show cause notice. Subsequent to MOSL submission, SEBI vide its letter dated November 25, 2014, has concluded the said proceedings in the matter with an advice to be careful in future.

- b. SEBI had pursuant to its investigations in the scrips Pyramid Samira Theatre Ltd. had restrained Mr. Shailesh Jayantilal Shah, Mr. Rajesh Jayantilal Shah and Ms. Ritaben Rohitkumar Shah from buying, selling or dealing in the securities market. SEBI had observed that MOSL and some other brokers have executed trades on behalf of above three clients after debarment order and SEBI through its notice has called upon to show cause as to why further action under SEBI (Intermediaries) Regulations, 2008 should not be taken against MOSL for alleged violation of the provisions of Regulation 27 (xv) and 27 (xvii) r/w Regulations 26 (xv) of the Broker Regulations and clauses A (1), A (2) and A (5) of the Code of Conduct for Brokers as specified in Schedule II under Regulation 7 of the Broker Regulations. MOSL has explained to SEBI the reasons for such occurrence and requested SEBI to drop further proceedings in the matter. The order of SEBI is awaited in this regard. SEBI vide its order dated December 7, 2015 had issued warning and has closed the proceedings in the matter.
  - c. SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorised trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations and issued show cause as to why an inquiry should not be held against us in terms of 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 on you under the provisions of section 15HB of the SEBI Act. The said Show Cause Notice has been issued alleging that MOSL have 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. MOSL has replied to the above said show cause notice and requested for an opportunity to undertake inspection of all documents and records relied upon by SEBI. Accordingly, SEBI provided necessary documents.
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 and Chief Executive Officer**

Place: Mumbai

Date: June 30, 2016



**List of Collection Center**

**Motilal Oswal Asset Management Company Limited**

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