

## **DISCLOSURE DOCUMENT**

(As per the requirement of Fifth Schedule of Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulation 1993)

- i) The Disclosure Document has been filed with the Securities & Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- ii) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decision for engaging Motilal Oswal Asset Management Company Ltd. as a Portfolio Manager.
- iii) The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor may be advised to retain the document for future reference.
- iv) This Document supersedes the Disclosure Document dated March 21, 2017 filed with SEBI.
- v) The following are the Details of the Portfolio Manager:

<b>Name of the Portfolio Manager</b>	Motilal Oswal Asset Management Company Limited
<b>SEBI Registration Number</b>	INP000000670
<b>Registered Office Address</b>	10 <sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025
<b>Phone</b>	022 3089 4263
<b>Fax</b>	022 3089 6884
<b>Website</b>	<a href="http://www.mostshares.com">www.mostshares.com</a> and <a href="http://www.motilaloswalmf.com">www.motilaloswalmf.com</a>

- vi) The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

<b>Name of the Principal Officer</b>	Mr. Aashish P Somaiyaa
<b>Phone</b>	91-22-39804278
<b>Email</b>	<a href="mailto:aashishps@motilaloswal.com">aashishps@motilaloswal.com</a>
<b>Registered Office Address</b>	10 <sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025

**Date: September 19, 2017**

### Index of contents

<b>Item No.</b>	<b>Contents</b>	<b>Page No.</b>
1	Disclaimer clause	1
2	Definitions	1
3	Description	4
4	Penalties, pending litigations or proceedings, findings of inspections or investigations for which actions may have been taken or initiated by any regulatory authority.	9
5	Services offered	10
6	Risk Factors	15
7	Client Representation	17
8	The Financial Performance of Portfolio Manager	22
9	Portfolio Management Performance of the Portfolio Manager	23
10	Nature of Expenses	24
11	Taxation	26
12	Accounting Policies	28
13	Investor Services	29

1) **Disclaimer clause:**

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 as amended till date and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

2) **Definitions:**

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively: -

- (a) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- (b) **“Agreement”** means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.
- (c) **“Application”** means the application made by the Client to the Portfolio Manager to place its funds and/or securities with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- (d) **“Assets”** means (i) the Portfolio and/or (ii) the Funds.
- (e) **“Body Corporate”** shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013.
- (f) **“Bank Account”** means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.
- (g) **“Board”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- (h) **“Client”** means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and /or funds.
- (i) **“Custodian”** means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- (j) **“Depository Account”** means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

- (k) **“Discretionary Portfolio Management Services”** means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the agreement, where under the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.
- (l) **“Discretionary Portfolio Manager”** means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the Client, as the case may be.
- (m) **“Document”** means this Disclosure Document.
- (n) **“Financial Year”** means the year starting from April 1 and ending on March 31 of the following year.
- (o) **“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to Portfolio Investment Management Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- (p) **“Non-discretionary Portfolio Management Services”** means a portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk and ensure that all benefits accrue to the Client’s Portfolio.
- (q) **“Parties”** means the Portfolio Manager and the Client; and **“Party”** shall be construed accordingly.
- (r) **“Person”** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- (s) **“Portfolio”** means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Investment Management Agreement and includes any Securities mentioned in the Application, any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Investment Management Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (t) **“Portfolio Manager”** shall have the same meaning as given in regulation 2(cb) of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
- (u) **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.

- (v) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as may be amended from time to time.
- (w) **“Scheduled Commercial Bank”** means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- (x) **“SEBI”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act.
- (y) **“Securities”** includes: “Securities” as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:
- (i) Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
  - (ii) derivative;
  - (iii) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
  - (iv) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
  - (v) units or any other such instrument issued to the investors under any mutual fund scheme;
  - (vi) Government securities;
  - (vii) such other instruments as may be declared by the Central Government to be securities;
  - (viii) rights or interest in securities;
  - (ix) Exchange Traded Funds; and
  - (x) Liquid Funds.

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

### 3) **Description:**

#### i) **History, Present Business and Background of the Portfolio Manager:**

Motilal Oswal Asset Management Company Ltd. (“MOAMC”) is a company incorporated under the Companies Act, 1956 on November 14, 2008, having its Registered Office at 10<sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi - 400025. MOAMC is a wholly owned subsidiary of Motilal Oswal Securities Ltd. (“MOSL”), which in turn is wholly owned subsidiary of Motilal Oswal Financial Services Ltd. (“MOFSL”).

Motilal Oswal Securities Ltd. was registered with SEBI as a Portfolio Manager vide registration no. INP 000000670 under SEBI (Portfolio Managers) Regulations 1993. In order to consolidate all its asset management business under one entity, MOSL made an application to SEBI for transfer of Portfolio Management Services (PMS) business along with SEBI registration certificate to its wholly owned subsidiary, MOAMC. SEBI vide its letter having reference number IMD/DOF-I/SKS/10449/2010 dated June 30, 2010 granted its approval for transfer of PMS business from MOSL to MOAMC subject to compliance of the requirements specified by SEBI.

MOSL entered into an agreement with MOAMC for transferring its PMS business. Pursuant to the transfer, MOSL assigned to MOAMC all its rights and obligations under the Portfolio Investment Management Agreement executed with its Clients and other documents executed pursuant thereto and Power of Attorney (“POA”) conferred by Clients in favour of MOSL.

Thus, MOAMC is entitled to exercise all powers and functions conferred or contained in the POA, which were originally exercised or performed by MOSL. On confirmation to SEBI that MOAMC has complied with the requirements specified by SEBI in respect of transfer of PMS business, SEBI has endorsed the original certificate of registration of Portfolio Management Services in favour of MOAMC w.e.f. October 21, 2010.

Motilal Oswal Wealth Management Ltd. (MOWML) was registered with SEBI as an Investment Manager vide registration no. IN/AIF3/13-14/0044 under SEBI (Alternative Investment Funds) Regulations, 2012. In order to consolidate all its asset management business under one entity, MOWML had transferred its AIF business to MOAMC w.e.f. September 29, 2016 and the same was intimated to SEBI vide our letter dated October 5, 2016. Further MOAMC had obtained a No Objection Certificate from SEBI with respect to Investment management and advisory services to Alternative Investment Funds dated June 7, 2016.

MOAMC holds Certificate of Registration No. INP000000670 dated August 21, 2017 issued under SEBI (Portfolio Managers) Regulations, 1993 to act as a Portfolio Manager. In addition to acting as a Portfolio Manager, MOAMC is also an Asset Management Company to Motilal Oswal Mutual Fund under an Investment Management Agreement dated May 21, 2009. Motilal Oswal Mutual Fund is registered with SEBI as a Mutual Fund under SEBI (Mutual Funds) Regulations, 1996 vide registration no. MF/063/09/04 dated December 29, 2009. MOAMC holds Certificate of Registration No. IN/AIF3/13-14/0044 dated April 10, 2013 issued under SEBI (Alternative Investment Funds) Regulations, 2012 to act as an Investment

Manager to Motilal Oswal Alternative Investment Trust, a Category III Alternative Investment Fund.

MOAMC 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. MOAMC shall ensure that such activities are not in conflict with the activities of the mutual fund.

**ii) Promoters of the Portfolio Manager, Directors and their background:**

**Promoter:**

Motilal Oswal Asset Management Company Ltd. is promoted by Motilal Oswal Securities Ltd. (MOSL). MOSL is a wholly owned subsidiary of Motilal Oswal Financial Services Ltd. (MOFSL).

MOSL has its origin in a small partnership formed between two chartered accountants, Mr. Motilal Oswal & Mr. Raamdeo Agrawal in 1987. They acquired membership at the Bombay Stock Exchange (BSE) in the year 1990 in the name of “Motilal Oswal”. Right from this stage of venture, approach was Research Based Broking. Subsequently, few more memberships of BSE were acquired. In the year 1994, membership of NSE was also acquired.

In the year 1994, “Motilal Oswal” was incorporated into a company, which is now known as Motilal Oswal Securities Ltd. Subsequently, Wealth Creation Study was initiated to identify the biggest wealth creating companies in Indian Stock Exchanges. This was also coupled with a formal equity research known as “Inquire”. The company became Depository Participant of Central Depository Services (India) Ltd. in the year 1999 and National Securities Depository Ltd. in the year 2000.

The Company is one of the leading Broking Houses in the Retail as well as Institutional segment of the Capital Market. The major activities and offerings of MOSL are Equity Broking, Depository Participant Services, Investment Advisory, Fund Management Services, Institutional Broking and Research Services.

**Directors and their background:**

Name	Age / Qualification	Brief Experience
Mr. Raamdeo Agrawal Director	B.Com and ACA	Mr. Agrawal is an Associate Director of Motilal Oswal Asset Management Company Limited. He is a Co-founder and Joint Managing Director of Motilal Oswal Financial Services Ltd. Mr. Agrawal is the key driving force behind strong research capability as well as a renowned Value investor, and has also been instrumental in setting up the investment management philosophy of the Company.  He is a member of the National Committee on Capital Markets of the Confederation of Indian

		<p>Industry. He has been authoring the annual Motilal Oswal Wealth Creation Study since its inception in 1996. He has an extensive experience of more than 3 decades in Financial Service Sector.</p> <p>Mr. Agrawal has received the 'Rashtriya Samman Patra' awarded by the Government of India for being amongst the highest Income Tax payers in the country for a period of 5 years from FY95–FY99. He has also featured on 'Wizards of Dalal Street on CNBC TV 18'. In 1986, he wrote the book 'Corporate Numbers Game', along with co-author, Mr. Ram K Piparia.</p>
Mr. Aashish P Somaiyaa Managing Director and CEO	B. E (Polymers) and MMS (Finance) from NMIMS, Mumbai.	Mr. Somaiyaa is the Managing Director and CEO of Motilal Oswal Asset Management Company Limited. He is also the Principal Officer for the PMS business of the Company. Mr. Somaiyaa brings with him rich and varied experience - with more than 17 years in sales and distribution, channel management, product development and institutional sales from ICICI Prudential AMC and a brief stint at project management with Bharti AXA Investment Managers. His last assignment was with ICICI Prudential AMC, as Senior VP & Head - Retail Business where he was responsible for sales, distribution and product development of Mutual Fund, PMS and Real Estate offerings through retail distribution, banking and private wealth management channels across India and UAE.
Mr. Kanu Doshi Director	B.Com., and Chartered Accountant	Mr. Doshi is an Independent Director of Motilal Oswal Asset Management Company Limited. He has more than 49 years of varied experience. He specializes in corporate taxation and has got insight into financial matters of corporates particularly companies setting up new projects and seeking financial assistances from financial institutions. He is also a Director on the Board of various Companies.
Mr. Ashok Jain Director	B.Com., FCA, ACS	Mr. Jain is an Independent Director of Motilal Oswal Asset Management Company Limited. He is the Whole-Time Director & CFO of Gujarat Borosil Ltd. He has rich and varied experience of more than two decades in the field of Corporate Management, particularly finance etc.



**iii) Group company information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis) (as per the audited financial statements for the year ended March 2017):**

1. Motilal Oswal Securities Limited
2. Aspire Housing Finance Company Limited
3. Motilal Oswal Financial Services Limited
4. MOPE Investment Advisors Private Limited (MOPE)  
(Formerly known as Motilal Oswal Private Equity Advisors Private Limited)
5. MOPE Investment Advisors Private Limited (MOPE)  
(Formerly known as Motilal Oswal Private Equity Advisors Private Limited)
6. Motilal Oswal Wealth Management Limited
7. Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)
8. Motilal Oswal Commodities Broker Pvt. Ltd.
9. India Business Excellence Management Company (IBEMC)
10. Motilal Oswal Securities International Pvt. Ltd.

**iv) Details of the services being offered:**

**a) Discretionary Services:**

Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested / disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's fund's is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

Based on the Client's profile, overall investment objective and other relevant factors, the Portfolio of the Clients are at present managed under one or more of the following Investment Strategies,:

- 1) Value Strategy
- 2) Discover Value Strategy
- 3) Next Trillion Dollar Opportunity Strategy
- 4) Focused (Series V) – A Contra Strategy
- 5) Liquid Strategy
- 6) Structured Products Investments Strategy
- 7) India Opportunity Portfolio Strategy
- 8) PLUS strategy - Portfolio of Less recognized or Undervalued Stocks
- 9) Deep Value Portfolio
- 10) Motilal Oswal MOST Fund ETF Assets and Securities Portfolio Strategy (FEATS)
- 11) Motilal Oswal MOST Allocation Portfolio Strategy (MAPS)

- 12) Emergence Portfolio Strategy
- 13) Focused Opportunities Strategy
- 14) India Invest Opportunity Portfolio Strategy

**b) Non - Discretionary Services:**

Under the Non-Discretionary Portfolio Management Services, the portfolio of the Client shall be managed in consultation with the Client. Under this service, the Assets will be managed as per express prior instructions issued by the Client from time to time. The Client will have complete discretion to decide on the investment (Stock Quantity and Price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client entirely at the Client's risk.

**c) Advisory Services:**

Under these services, the Portfolio Manager advises the Client on investments in general or any specific advice required by the Clients and agreed upon in the Client agreement. The Portfolio Manager will render the best possible advice to the client having regard to the client's needs and the environment, and his own professional skills. The same can be binding or non - binding in nature or in such terms as mentioned in the Client agreement. For such services, the Portfolio Manager charges the Client a fee for services rendered mentioned in the Client agreement. The advice may be either general or specific in nature and may pertain to a particular portfolio. Entry / exit timing, execution and settlement are solely the Client's responsibility.

4) **Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:**

1. All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under relating to Portfolio Management Services.

**None**

2. The nature of the penalty/direction.

**None**

3. Penalties imposed for any economic offence and/or for violation of any securities laws relating to Portfolio Management Services.

**None**

4. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

**None**

5. Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency in relation to Portfolio Management Services for which action may have been taken or initiated.

**None**

6. Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made thereunder relating to Portfolio Management Services.

**Details as on August 31, 2017 are provided as an Annexure A.**

## 5) Services offered:

The Portfolio Manager manages the Assets of the Client using the following Strategies:

### a) **Value Strategy:**

**Fund Manager: Mr. Manish Sonthalia**

**Co-Fund Manager: Mr. Kunal Jadhvani**

The Strategy aims to benefit from the long term compounding effect on investments done in good businesses, run by great business managers for superior wealth creation.

Features:

- Follows a value based stock selection strategy
- Investment Approach : “Buy & Hold”
- Investment Horizon: Medium to Long term
- Maximize post tax return due to Low Churn

### b) **Discover Value Strategy:**

**Fund Manager: Mr. Manish Sonthalia**

The Strategy aims to deliver returns over a long term by investing in large-cap stocks across 6-8 sectors. The focus is to identify large unpopular businesses with dominant market share and potential for growth.

Features:

- Follows a value based stock selection strategy
- Investment Approach : Buying undervalued stocks and selling overvalued stocks irrespective of market behaviour while maintaining purchase price discipline
- Investment Horizon: Medium to Long term
- Follow a focused strategy construct
- Maintaining a low churn thereby enhancing the strategy returns

### c) **Next Trillion Dollar Opportunity Strategy**

**Fund Manager: Mr. Manish Sonthalia**

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to predominantly invest in Small and Mid Cap stocks with a focus on identifying potential winners that would participate in successive phases of GDP growth.

Features:

- Investment Horizon: Medium to Long term
- Investment Approach: “Buy & Hold” strategy
- Focus on Sectors and Companies which promise a higher than average growth
- Concentration on emerging Themes

### d) **Focused (Series V) – A Contra Strategy**

**Fund Manager: Mr. Manish Sonthalia**

The strategy aims to invest in fundamentally sound companies that can benefit from changes in a company’s valuation which reflects a significant change in the markets view of the company over a horizon of three years. The Strategy focuses on investing in stocks that can benefit from growth in earnings, re-rating of business or higher valuation of assets. Objective is to increase return rather than reduce risk for Investors.

Features:

- Follows the principle to pick best ideas rather than diversification
- Concentrated Strategy Structure of less than 10 stocks

- Investment Horizon: Medium to Long term
- Investment Approach: Follows a “Buy and hold” philosophy with low to medium churn

**e) Liquid Strategy**

**Fund Manager: Mr. Manish Sonthalia**

To predominantly make investments in Liquid Mutual Funds, short-term debt funds, money market mutual funds, and other debt funds to facilitate investors to take Asset Allocation calls between Cash and Equity.

**f) Structured Products Investments Strategy**

**Fund Manager: Mr. Manish Sonthalia**

The investment objective of the Portfolio Manager shall be preservation and growth of capital and at the same time endeavour to reduce the risk of capital loss. The Portfolio Manager may design and develop various series keeping in mind market conditions and may be customised for client’s specific need / profile.

Features:

- The Portfolio Manager will invest in Non Convertible Debentures (NCDs) issued by Non Banking Financial Companies.
- These Non Convertible Debentures may have payoffs, which may be based on stand alone or combination of all or some of the financial instruments such as equity, debentures, derivative instruments, swaps, swaptions a basket of securities, options, indices, commodities, debt issuances and/or foreign currencies, Secured Premium Notes, money market instruments, etc. to cater to specific Clients requirements.

**g) India Opportunity Portfolio Strategy**

**Fund Manager: Mr. Manish Sonthalia**

**Co – Fund Manager: Ms. Mythili Balakrishnan**

The Strategy aims to generate long term capital appreciation by creating a focused portfolio of high growth stocks having the potential to grow more than the nominal GDP for next 5-7 years across market capitalization and which are available at reasonable market prices.

Features:

- Investment Approach: BUY & HOLD strategy
- Investment Horizon: Long Term
- Low to medium churn resulting in enhanced post-tax returns
- Basically for Investors keen to generate wealth by participating in India’s growth story over a period of time.

**h) PLUS strategy - Portfolio of Less recognized or Undervalued Stocks**

**Fund Manager: Mr. Manish Sonthalia**

The strategy aims to deliver superior returns by investing in less recognized and/or undervalued stocks which are part of the India growth opportunity. The strategy also aims to predominantly invest in Mid-cap stocks with potential to grow faster than nominal GDP growth and which are available at reasonable prices.

Features:

- Investment Approach: Fundamental stock selection and Buy & Hold philosophy
- Investment Philosophy : Value + GARP
- Investment Horizon: Medium to Long term

**i) Deep Value Portfolio**

**Fund Manager: Mr. Manish Sonthalia**

The strategy aims to invest in fundamentally sound companies with a view to capitalize on the difference between the market value and the intrinsic value of the business.

Features:

- Investment Strategy:
  - Out of favor, beaten-down large caps or quality midcaps growing at slower than their demonstrated potential
  - Where price movements are decoupled from underlying fundamentals resulting from over-reaction to news-flow
  - Dominant business undergoing growth deceleration or a cyclical downturn.
  - Revenue slowdown due to direct/indirect impact of high interest rates and/or capex cycle (order flows) which can potentially reverse with rate cycle.
  - Profitability compression due to margin erosion from higher RM/forex impact.
  - Asset Valuation plays: Good quality businesses trading at discount to book or replacement value.
  - Valuation Parameters: Low P/E v/s long-term average/peers, high dividend yield.
  
- Investment Approach: Bottom up stock selection approach
- Investment horizon: long term i.e. 3-5 years
- Risk Return Profile: Medium to High Risk
- Market Capitalization : Flexi Cap

**j) Motilal Oswal MOST Fund ETF Assets and Securities Portfolio Strategy (FEATS)**

**Fund Manager: Mr. Kunal Jadhvani**

The strategy aims to offer a bouquet of diversified asset allocation portfolios varying by risk profile and returns expectations of underlying investors. The strategy will aim to use low cost ETFs, Funds and Securities as building blocks wherever available and possible in order to complete the asset allocation for investors with lowest possible cost as compared to alternate investment vehicles. The portfolio may invest overall in a combination of various Securities, ETF and mutual fund schemes including equity, debt, gilt across Indian Equity, International Equity, Bonds and Gold.

Features:

- Investment Strategy:
  - The Portfolio Manager will invest in various Securities, ETF and mutual fund schemes including schemes offered by Motilal Oswal Mutual Fund and other mutual funds from time to time.
  - Mutual fund schemes shall include equity, debt, gilt and exchange traded funds across Indian Equity, International Equity, Indian Bonds and Gold.
  - The objective of the strategy will be to achieve better risk adjusted returns for investors by diversification across various asset classes at lowest possible cost.
  
- The portfolio is a function of its components. While active funds may be used for populating different asset classes, ETF portfolios benefit asset allocation investing because they:
  - increase diversification,
  - provide the ability to target specific investment segments, and,
  - through ETFs, allow an investor to hedge their portfolio with relatively low risk.

- Additionally, lower cost, live pricing and transparency allow the allocator to improve returns while allowing for nimble adjustments in inclement market conditions or to take advantage of short term opportunities.

**k) Motilal Oswal MOST Allocation Portfolio Strategy (MAPS)**

**Fund Manager: Mr. Kunal Jadhvani**

The strategy aims to offer optimizing asset allocation portfolios by investing in various asset classes like equity, bonds, derivatives, all category mutual fund schemes including Options available for methodologies to determine asset allocation broadly fall under 3 categories. The portfolio manager may construct PMS portfolios for investors based on any one of the following determinants.

Features:

- Investment Strategy:
  - Determinant 1 – Asset allocation determined based on Fundamental readings of parameters like P/E, P/BV, Dividend Yield, Earning Yield, Interest Rates, Inflation, and Money Supply etc.
  - Determinant 2 – Asset allocation determined based on quantitative techniques based algorithms
  - Determinant 3 – Long term fixed asset allocation based on risk profile of clients determined by their investment advisor / distributor.

**l) Emergence Portfolio Strategy (EPS)**

**Fund Manager: Mr. Kunal Jadhvani**

The Strategy aims to generate long term capital appreciation by creating a focused portfolio of high growth stocks having the potential to grow more than the nominal GDP for next 3-5 years and which are available at reasonable market prices.

Features:

- Investment Horizon: Medium to Long term
- Investment Approach: “Buy & Hold” strategy
- Focus on Sectors and Companies which promise a higher than average growth
- Concentration on emerging Themes

**m) Focused Opportunities Strategy**

**Fund Manager: Mr. Kunal Jadhvani**

The strategy aims to deliver superior returns through focused investment in themes which are a potential growth opportunity. It aims to predominantly invest bottom up by identifying high quality companies, having superior growth and sustainable competitive advantage.

Features:

- Investment Horizon: Medium to Long term
- Investment Approach: “Buy & Hold” strategy
- Focus on Companies which have potential to deliver higher than average sector growth
- Concentration on good businesses and would be market capitalization agnostic

**n) India Invest Opportunity Portfolio Strategy**

**Fund Manager: Mr. Manish Sonthalia**

**Co-Fund Manager: Ms Mythili Balakrishnan**

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from India’s emerging businesses. It aims to predominantly invest in Small and Midcap stocks with a focus on identifying potential winners.

## Features:

- Investment Horizon: Medium to Long term.
- Investment Approach: “Buy & Hold” strategy.
- Focus on Sectors and Companies which promise a higher than average growth.
- Concentration on emerging Themes.
- 15-20 high conviction stock portfolio.
- Benchmarked against Nifty Free Float Midcap 100 Index.
- Low to medium churn resulting in enhanced post-tax returns.
- Ideal for Investors keen to generate wealth by participating in India’s emerging businesses over a period of time.

The Portfolio Manager may design and develop various series keeping in mind market conditions and may be customised for Client’s specific need / profile. The Portfolio in all cases will be guided strictly by the relevant guidelines, Acts, Rules, Regulations, and notifications prevailing in force from time to time. The instrument may be principal protected or non-principal protected, which may have fixed or variable pay-offs. The investment objective of the Portfolio Manager shall be preservation and growth of capital and at the same time endeavour to reduce the risk of capital loss. However, while the aforesaid is the objective, it needs to be reiterated that there can be no assurance and/or guarantee of such growth or even as regards preservation of capital or of there being no capital loss. The amount invested by the Clients under this strategy may be subject to a lock in period as detailed in the Schedule to the agreement between the Client and the Portfolio Manager.

All the above mentioned strategies are used under the discretionary portfolio management services as per the Regulations specified by SEBI.

The main features under Discretionary Portfolio Management Services are:

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Periodic valuation Report (if, any).
- Periodic transaction Statement (if, any).

## NOTE:

- Investment under Portfolio Management Services will be only as per the SEBI Regulations on PMS.
- The uninvested amounts forming part of the Client’s Assets may be at the discretion of the Portfolio Manager be held in cash or deployed in Liquid fund schemes, Exchange Traded Index Funds, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- The Portfolio Manager, with the consent of the Client, may lend the securities through an Approved Intermediary, for interest.
- The Portfolio Manager will not invest any of the funds of the Client in the shares, mutual funds, debt, deposits and other financial instruments of group companies of the Portfolio Manager.

Apart from Discretionary Portfolio Management Services, the Portfolio Manager also offers Non-Discretionary Portfolio Management Services wherein the choice as well as the timings of the investment decisions rest solely with the Client. The Portfolio Manager manages the Assets of the



Client in accordance with the directions given by the Client. Further the Portfolio Manager also offers Advisory Portfolio Management Services wherein the Portfolio Manager only renders investment advice to the Client in respect of securities. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

**6) Risk Factors:**

The investments made in securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved. Following are the risk factors as perceived by management:

- Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
- The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.
- Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.
- Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the Client's portfolio to liquidity risks.
- Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
- Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. 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 the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) 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. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

- There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.
- The Net Asset Value may be affected by changes in settlement periods and transfer procedures.

7) **Client Representation:**

i) **Details of Client's accounts activated:**

	Category of Clients	Total No. of Clients	Funds managed (Rs. Crores)	Discretionary/ Non Discretionary (if available)
i)	Associates /group companies (Last 3 years)	NIL	NIL	NA
ii)	Others: (last 3 years)			
	2014-15	4,656	3,211.22	Discretionary
		43	112	Non - Discretionary
	2015-16	9,704	5,180.21	Discretionary
		43	112	Non - Discretionary
	2016-17	21833	9728.28	Discretionary
		50	115.93	Non-Discretionary

“Funds Managed” indicates market value of Assets under Management.

The above figures are given in compliance with amendment to the SEBI (Portfolio Managers) Regulations, 1993 dated August 11, 2008.

ii) **Transactions with related parties are as under:**

- The Portfolio Manager uses the broking services of Motilal Oswal Securities Ltd. who is member of BSE and NSE in cash and derivative segment.
- Names of related parties and nature of relationship (as on March 31, 2017) are as under:

**A) Enterprises where control exists:**

Motilal Oswal Securities Ltd. – Holding Company

Motilal Oswal Financial Services Ltd. – Holding Company of Motilal Oswal Securities Ltd.

Ultimate Holding Company - Passionate Investment Management Pvt. Ltd. (From October 5, 2012)

**B) Subsidiaries:**

Motilal Oswal Asset Management (Mauritius) Private Limited

Motilal Oswal Capital Limited

**B) Fellow Subsidiaries:**

1. Motilal Oswal Capital Markets Pvt. Ltd.
2. Motilal Oswal Trustee Company Ltd.
3. Motilal Oswal Insurance Brokers Pvt. Ltd.
4. Motilal Oswal Commodities Broker Pvt. Ltd.
5. Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)
6. MOPE Investment Advisors Private Limited (MOPE)
7. Motilal Oswal Wealth Management Limited
8. Motilal Oswal Securities International Pvt. Ltd.
9. Motilal Oswal Capital Market (Hongkong) Pvt. Ltd.
10. Motilal Oswal Capital Markets (Singapore) Pte. Ltd.
11. Aspire Home Finance Corporation Limited
12. Motilal Oswal Real Estate Investment Advisors Private Limited
13. Motilal Oswal Real Estate Investment Advisors II Private Limited
14. India Business Excellence Management Company
15. Nagori Agro & Cattle Feeds Private Limited

**C) Key management personnel:**

1. Mr. Raamdeo Agrawal – Director
2. Mr. Aashish P Somaiyaa – Managing Director and Chief Executive Officer
3. Ms. Aparna Karmase – Head – Compliance, Legal & Secretarial

• **Transactions with related parties for the year-ended March 31, 2017** (amount in Rupees):

Transaction	Name of the related Party	Holding Company / Subsidiary company ( A )		Key Managerial Personnel / Relative of KMP ( B )		Total (A+B)	
		For the Year Ended March 31, 2017	For the Year Ended March 31, 2016	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
<b>Interest Paid</b>	Motilal Oswal Financial Services Limited	116,336	4,292,048	-	-	116,336	4,292,048
<b>Rent Paid</b>	Motilal Oswal Financial Services Limited	31,363,010	12,133,032	-	-	31,363,010	12,133,032
	Motilal Oswal Securities Limited	9,012,150	-	-	-	9,012,150	-
<b>Brokerage on distribution of mutual fund</b>	Motilal Oswal Securities Limited	53,353,564	30,501,891	-	-	53,353,564	30,501,891
<b>Brokerage on distribution of portfolio management services</b>	Motilal Oswal Securities Limited	308,697,554	216,240,486	-	-	308,697,554	216,240,486
<b>Business Support Charges</b>	Motilal Oswal Securities Limited	14,582,830	454,555	-	-	14,582,830	454,555
<b>Brokerage on distribution of portfolio management services</b>	Motilal Oswal Wealth Management Limited	267,564,361	142,957,399	-	-	267,564,361	142,957,399
<b>Brokerage on distribution of mutual fund</b>	Motilal Oswal Wealth Management Limited	29,461,738	19,068,163	-	-	29,461,738	19,068,163
<b>Set up fees Expenses AIF</b>	Motilal Oswal Securities Limited	15,300,000	-	-	-	15,300,000	-
	Motilal Oswal Wealth Management Limited	10,635,000	-	-	-	10,635,000	-
<b>Distribution Cost AIF 2</b>	Motilal Oswal Securities Limited	237,136	-	-	-	237,136	-

	Motilal Oswal Wealth Management Limited	197,157	-	-	-	197,157	-
<b>Marketing Commission</b>	Motilal Oswal Wealth Management Limited	4,396,663	1,545,863	-	-	4,396,663	1,545,863
<b>Investment Advisory fees (Received) / Paid</b>	Motilal Oswal Asset Management (Mauritius) Pvt. Ltd	(1,097,758)	-	-	-	(1,097,758)	-
	Motilal Oswal Wealth Management Limited	(2,145,160)	(2,631,935)	-	-	(2,145,160)	(2,631,935)
<b>Rent Deposit Paid</b>	Motilal Oswal Financial Services Limited	(22,083,940)	6,066,510	-	-	(22,083,940)	6,066,510
<b>Portfolio management services fee</b>	Raamdeo Agarwal	-	-	38,365	37,540	38,365	37,540
	Suneeta Agarwal	-	-	1,570,032	1,310,209	1,570,032	1,310,209
<b>Reimbursement of TDS</b>	Motilal Oswal Commodities Broker Pvt. Ltd.	-	-	-	-	-	-
<b>Reimbursement of Electricity Charges</b>	Motilal Oswal Financial Services Limited	523,627	1,224,982	-	-	523,627	1,224,982
	Motilal Oswal Securities Limited	4,773,875	-	-	-	4,773,875	-
<b>Reimbursement of Common Cost</b>	Motilal Oswal Financial Services Limited	232,939	1,222,657	-	-	232,939	1,222,657
<b>Managerial remuneration</b>	Aashish Somaiyaa	-	-	23,682,176	16,300,000	23,682,176	16,300,000
<b>Subscription to Equity Share Capital</b>	Motilal Oswal Capital Limited	1,000,000	-	-	-	1,000,000	-
	Motilal Oswal Asset Management (Mauritius) Pvt. Ltd	13,290,750	-	-	-	13,290,750	-
<b>Loans taken during the year</b>	Motilal Oswal Financial Services Limited	(345,000,000)	701,161,172	-	-	(345,000,000)	701,161,172
<b>Loan (repaid) during the year</b>	Motilal Oswal Financial Services Limited	345,000,000	(741,853,190)	-	-	345,000,000	(741,853,190)
<b>Loans taken (Maximum balance)</b>	Motilal Oswal Financial Services Limited	(90,000,000)	222,706,946	-	-	(90,000,000)	222,706,946

<b>Donation</b>	Motilal Oswal Foundation (Trust)	1,700,000	1,060,000	-	-	1,700,000	1,060,000
<b>Outstanding Balances:</b>							
<b>Loans</b>	Motilal Oswal Financial Services Limited	-	-	-	-	-	-
<b>Deposits</b>	Motilal Oswal Financial Services Limited	22,083,940	-	-	-	22,083,940	-
	Motilal Oswal Securities Limited	9,012,150	-	-	-	9,012,150	-
<b>Trade Receivables</b>	Motilal Oswal Wealth Management Limited	-	497,362	-	-	-	497,362
	Motilal Oswal Asset Management (Mauritius) Pvt. Ltd	1,097,758	-	-	-	1,097,758	-
<b>Trade Payables</b>	Motilal Oswal Wealth Management Limited	(85,430,749)	(18,324,390)	-	-	(85,430,749)	(18,324,390)
	Motilal Oswal Financial Services Limited	-	-	-	-	-	-
	Motilal Oswal Securities Limited	(90,046,735)	(14,910,853)	-	-	(90,046,735)	(14,910,853)
<b>Other Receivables</b>	Motilal Oswal Capital Limited	98,200	-	-	-	98,200	-
<b>Other Payables</b>	Motilal Oswal Financial Services Limited	(13,253)	(719,826)	-	-	(13,253)	(719,826)
	Motilal Oswal Securities Limited	(3,826,358)	-	-	-	(3,826,358)	-
<b>Prepaid Expenses</b>	Motilal Oswal Securities Limited	101,333,944	41,460,551	-	-	101,333,944	41,460,551
	Motilal Oswal Wealth Management Limited	61,737,127	23,820,067	-	-	61,737,127	23,820,067

Note: 'Income/receipts figures are shown in brackets.

**8) The Financial Performance of Portfolio Manager (Based on audited financial Statements)**

**Financial highlights of Motilal Oswal Asset Management Company Ltd. for the last 2 years are given as under:**

<b>Particulars</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>(Rs. In Lakhs)</b>	<b>(Rs. In Lakhs)</b>
Profit/(Loss) before depreciation & tax & After Exceptional & Extraordinary Items (Net of Tax)	7,650.71	3,595.08
Less: Depreciation	62.00	55.64
Less: Provision for tax	1,630.78	779.17
Less/(Add): MAT credit entitlement	(456.40)	153.09
Less/(Add): Deferred Tax	2,314.08	(35.95)
Less: Fringe Benefit Tax	-	-
Less: Wealth Tax	-	-
Less/(Add): Provision for Tax (for previous years)	(875.29)	-
Profit/(Loss) for the year after tax	4975.54	2,643.13
Add/(Less): Balance B/F from Previous year	2,016.86	-
<b>Balance carried to Balance Sheet</b>	<b>6,992.40</b>	<b>2,643.13</b>



**9) Portfolio Management performance of the Portfolio Manager for the last 3 years and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using weighted average method in terms of regulation 14 of the SEBI (Portfolio Managers) Regulation 1993**

STRATEGY WISE RETURNS ( in % )										
SR. NO	Strategy Name	Benchmark Index	From March 01, 2017 to August 31, 2017		FY 2015-2016		FY 2014- 2015		FY 2013-2014	
			Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
1.	Value Strategy	Nifty 50 Index	13.34	25.31	(12.07)	(8.83)	53.93	26.65	19.70	17.98
2.	Discover Value Strategy	Nifty 50 Index	12.89	12.77	(11.68)	(8.83)	57.70	26.65	18.07	17.98
3.	Next Trillion Dollar Opportunity Strategy	Nifty Free Float Midcap 100	15.61	26.82	(2.26)	(5.13)	62.49	50.96	40.38	16.36
4.	India Portfolio Opportunity Strategy*	BSE – 200 Index	7.67	25.22	(15.58)	(8.95)	51.13	31.93	20.71	17.19
5.	Liquid Strategy	NA	3.26	-	(3.85)	NA	4.33	NA	6.69	NA
6.	Focused (Series V) – A Contra Strategy	BSE-200 Index	10.61	23.83	(5.61)	(8.95)	43.53	31.93	27.49	00
7.	PLUS strategy	Nifty Midcap 100 Index	15.62	12.4	(7.01)	(5.13)	.66.19	50.96	37.30	16.36
8.	Motilal Oswal MOST Fund ETF Assets and Securities Portfolio Strategy	None								
9.	Deep Value Strategy	Nifty Midcap 100 Index	15.91	10.9	(1.95)	(5.13)	89.15	50.96	-	-
10.	Focused Opportunities Strategy	Nifty Midcap 100 Index	17.49	10.92	0.61	(5.13)	39.22	50.96	-	-
11.	Emergence Portfolio Strategy	BSE 500 Index	21.53	16.42	3.28	1.80	-	-	-	-

In case of Structured Products Investments Strategy, Non-Discretionary PMS performance returns are not shown, since the valuations are not available for the given Portfolio Product.

**Note:**

1. Portfolio Returns and Benchmark Indices returns are calculated on weighted average basis.
2. None of the Portfolio Account exists under Motilal Oswal MOST Allocation Portfolio Strategy MAPS and Motilal Oswal MOST Fund ETF Assets and Securities Portfolio Strategy as on August 31, 2017.

**10) Nature of expenses:**

**i) Investment Management & Advisory Fees:**

Investment Management and Advisory fees charged may be a fixed fee or a return based fee or a combination of both as detailed in the Schedule to the Portfolio Management Services agreement. The Fees may be charged upfront and/or at the end of a specified tenure as agreed between the Client and the Portfolio Manager.

**ii) Custodian Fees:** As may be decided between the Client and the Portfolio Manager

**iii) Registrar & Transfer Agent Fees:** NIL

**iv) Brokerage & Transaction Cost:**

The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, transaction cost like network charges, turnover charges, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker (including Motilal Oswal Securities Ltd.) Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients.

**v) Service Tax:**

As applicable from time to time.

**vi) Depository Charges:**

As may be applicable from time to time.

**vii) Entry Load /Exit Load**

As may be mutually agreed to between the Client and the Portfolio Manager

**viii) Certification and professional charges:**

Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarisations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.

**ix) Incidental expenses:**

Charges in connection with day-to-day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account, distribution charges or any other out of pocket expenses as may be incurred by the Portfolio Manager.

Investors may note that, the fees/ expenses that may be charged to Clients mentioned below are indicative only. The same will vary depending upon the exact nature of the services to be provided to investors.

	<b>Nature of Expenses (Indicative)</b>	<b>Maximum Indicative Rate of Fee (%)</b>
(I)	Investment Management and Advisory fee**	
	1) Fixed Fee	Up to 10% p.a.
	2) Fixed Upfront fee	Up to 10%
	3) Performance Linked Fee as permitted under the Regulations.	Up to 50% of the Returns
	4) Exit Loads	Up to 20%
(II)	Custodian Fee**	Up to 1% p.a.
(III)	Brokerage and transaction costs	Maximum of 2.5% of contract value
(IV)	Fund Accounting Charges**	Up to 1% p.a.
<b>**Basis of Charge – Indicative (any one or a combination of the below)</b>		
1	On Average Daily Assets Under Management	
2	On Capital Invested	
3	On Capital Committed	
4	On Average Daily Equity portion of the Portfolio	

Note:

- a. Average daily portfolio value means the value of the portfolio of each client determined in accordance with the relevant provisions of the agreement executed with the client and includes both realized and unrealized gains/losses.
- b. The Portfolio Manager may also be entitled to recover transaction fee, brokerage charges, demat fees, and/or disbursement made in respect of the investments (and/or disbursements) and/or any incidentals in the form of stamp duties, registration charges, professional fees, legal fees, consultancy charges, service charges etc. and such other expenses, duties, charges incurred on behalf of the Client on account of the Service provided to him/her/it.

## 11) Taxation

The following information is based on the law in force in India at the date hereof. The information set forth below is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. The client should seek advice from his/her/its own professional advisor if he/she/it is in any doubt regarding the taxation consequences of investing in the Products offered under Portfolio Management Services.

### **Income Tax:**

The maximum tax rates applicable to different categories of assesses are as follows:

Resident individual & HUF	30% + surcharge & cess
Partnership Firms & Indian Companies ( <i>other than specified companies below</i> )	30% + surcharge & cess
Indian Companies having turnover less than 50 crores during the financial year 2015-16	25% + surcharge & cess
Non-resident Indians	30% + surcharge & cess
Foreign companies	40% + surcharge & cess

<b>Assesses</b>	<b>Rate of surcharge &amp; cess applicable</b>
Individuals (including NRIs/PIOs), HUFs, Non-Corporate FIIs	A surcharge of 10% on income tax if income is above Rs. 50 lakh but below Rs. 1 crore. For income above Rs. 1 crore surcharge shall be 15 % on income tax (on income above 1 crore). Education cess of 2 % and Higher Education Cess of 1% is payable on the total amount of tax including surcharge.
Companies where the taxable income more than Rs. 1 crores and upto Rs. 10 crore	A surcharge of 7% on income tax and education cess of 2% and higher education cess of 1% is payable on the total amount of tax including surcharge. (a surcharge of 2% in case of foreign companies).

Companies where the taxable income is more than Rs. 10 Crore	A surcharge of 12% on income tax (on income above 10 crores) and education cess of 2% and higher education cess of 1 percent is payable on the total amount of tax including surcharge. (a surcharge of 5% in case of foreign companies).
--	---

The Dividend received in respect of the shares and units of Mutual Fund held in the Products offered under the Portfolio Management Services are exempt from tax in the hands of investor.

However, if the aggregate dividend income accrued/ received by an individual or a firm (from domestic companies only) resident in India, exceeds Rs. 10 lakhs, such excess of the aggregate dividend income accrued/ received shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess).

However, the dividend/income distribution on securities and units received by Products offered under the Portfolio Management Services will be after distribution tax on the amount of dividend/income distribution declared.

The rates of tax on the dividend/ income distribution on units would be as under:

<b>Rate of Tax (%) #</b>			
	<b>Type of Payer</b>		
	<b>Mutual Fund</b>		
	<b>Money Market Liquid Fund</b>	<b>Debt Scheme</b>	<b>Infrastructure Debt Fund</b>
Individuals / H.U.F.	25%	25%	25 %
NRI	25%	25%	5%
Others	30%	30%	30%

# +Surcharge+ Education Cess+ Higher education cess as applicable

## **Capital Gains Tax**

### **(a) Long Term**

#### **For Individuals, HUF, Partnerships Firm and Indian Companies**

From October 1, 2004 in case of listed equity shares and securities and units of equity oriented schemes sold on a recognized stock exchange, which are subject to Securities Transaction Tax (currently 0.001% for units of equity oriented scheme and 0.1% on equity shares), the tax on Long Term Capital Gain would be Nil. Long term capital gains in respect of other listed securities or units would be subject to tax at the lower of 20% (plus surcharge and education cess) of the gains computed after cost indexation, or 10% (plus surcharge and education cess) of the gains computed without cost indexation.

### **(b) Short Term**

### **For Resident Individuals, HUF, Partnerships Firm and Indian Companies**

Short-term Capital Gains is added to the total income. Total income including short-term capital gain is chargeable to tax as per the relevant slab rates. However, tax on short term capital gains on sale of shares and units of equity oriented funds on a recognized stock exchange, which are subject to Securities Transaction Tax, would be @ 15% (plus applicable surcharge and an education cess).

### **Provisions regarding Dividend income and Bonus**

According to the provisions of Section 94(7) of the Act, losses arising from the sale/redemption of units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months after such date, is disallowed to the extent of income on such units (claimed as tax exempt).

According to the provisions of Section 94(8) of the Act, if an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

### **Tax Deduction at Source**

TDS is deductible on interest income and would be deducted by the issuer of such security.

## **12) Accounting Policies:**

The following Accounting policy will be applied for the investments of Clients:

Investments in Equities, Mutual funds, Exchange Traded Funds and Debt instruments will be valued at closing market prices of the exchanges (BSE or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant scheme on the date of the report or any cut-off date or the market value of the debt instrument at the cut off date. Alternatively, the last available prices on the exchange or the most recent NAV will be reckoned. In case of structured products, the portfolio will be valued at the face value of the product until the expiry of the tenure.

- a) Realized gains/ losses will be calculated by applying the first in / first out principle. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- b) For derivatives and futures and options, unrealised gains and losses will be calculated by marking to market the open positions.

- c) Unrealised gains/losses are the differences in between the current market values/NAV and the historical cost of the securities.
- d) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further Mutual Fund dividend shall be accounted on receipt basis. Other income like bank interest, interest on FD etc. shall also be accounted on receipt basis.
- e) Bonus shares shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- f) Right entitlement shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- g) The cost of investment acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the brokers cost note/bought note.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

### 13) **Investors Services:**

**(i) Details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:**

Name of the person	Ms. Aparna Karmase
Designation	Head – Compliance, Legal & Secretarial
Address	10 <sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi - 400025
Email	<a href="mailto:aparna.karmase@motilaloswal.com">aparna.karmase@motilaloswal.com</a>
Telephone	91-22- 39804130

**(ii) Grievance redressal and dispute settlement mechanism:**

- a) The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web based complaints redress system (SCORES).
- b) Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 1993 and any amendments made thereto from time

to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms:-

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through Arbitration process as described in the Portfolio Investment Management Agreement or any Supplemental Agreement thereto.

**For Motilal Oswal Asset Management Company Ltd.:**

<b>Aashish P Somaiyaa Managing Director and CEO</b>	
<b>Raamdeo Agrawal Director</b>	

**Place: Mumbai**

**Date: September 19, 2017**



## Annexure A

### **Following are the actions taken or initiated by the SEBI against Portfolio Manager in its capacity as Asset Management Company (MOAMC) to Motilal Oswal Mutual Fund:**

- MOAMC had received a letter from SEBI dated July 26, 2013 with reference to one complaint filed with SEBI wherein the complainant has alleged that disclosure of historical data pertaining to Index in NFO advertisement of the Scheme, Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100) was misleading. On that basis SEBI had issued a letter directing the Management to avoid recurrence of such instance in future and to place its letter before the Trustee and AMC Board.

In this regard, the Company clarified to SEBI that the historical data used in the advertisement material of the MOST Shares Midcap 100 was provided by India Index Services Ltd. (IISL). As, you are aware it is general practice for index providers to launch an index on a particular date and make past data available in time series form at going back years. The purpose is purely analytical in nature for getting an understanding of how such index has behaved over time. The historical data pertaining to Midcap 100 Index was made available by IISL under a licensing arrangement and making available index data for various historical purposes is normal practice with all indices and index providers. Further, in the advertisement material had clearly mentioned the source of that data as IISL whereby informing the prospective investor that the Company had relied on the historical data published and maintained by a third party. Hence, the Company had not violated any provisions of the advertisement guidelines issued by SEBI.

Therefore SEBI was requested to take note of abovementioned clarification.

- MOAMC had reported to SEBI regarding non-compliance of clause 1B of seventh schedule to sub-regulation 1 of regulation 44 under the Scheme, Motilal Oswal MOST Ultra Short Term Bond Fund related to investment in money market instruments of an issuer in the Compliance Test Reports for the Bi-month period ended September 2013 and November 2013. The same was informed to the Board at its meeting held on December 26, 2013.

Pursuant to above reporting, SEBI issued a letter having reference no. OW/4941/2014 dated February 13, 2014, advising MOAMC to improve compliance standards, strengthen the systems and have proper checks and balances in place to avoid such instances in future.

- SEBI vide its letter dated September 10, 2015 has advised AMC with regards to conducting IAPs and advised to take due care in respect of utilisation of 2 bps for investor education and awareness purpose.

- SEBI vide its letter dated October 5, 2015 has advised AMC with regards to conducting IAPs and advised to take due care in respect of utilisation of 2 bps for investor education and awareness purpose.
- MOAMC, inter alia, acts as an Asset Management Company to Motilal Oswal Mutual Fund (MOMF) and is subject to periodical SEBI inspections of MOMF, its Registrar & Transfer Agent & Custodian. During the said inspection of MOMF, SEBI vide its letter dated November 16, 2015 has advised to take due care in compliance mechanism. Necessary steps have been taken to avoid recurrence of instances and systems have been strengthened.
- SEBI vide its letter dated May 19, 2016 to AMC for the non-compliance of provisions of regulation 28(5) of SEBI (Mutual Funds) Regulations, 1996 relating to investments by Sponsor/AMC in the growth option of Motilal Oswal MOST Focused 25 Fund. SEBI has advised to take due care in future and improve compliance standards to avoid reoccurrences of such standards.

**Following are the cases pertaining to Motilal Oswal Securities Ltd., holding company of Motilal Oswal Asset Management Company Ltd.**

- During the period May 2012 to July 2017, the NSE has levied penalties/fines on Motilal Oswal Securities Ltd. (MOSL), aggregating to Rs. 166,561,135.26/- 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.
- During the period May 2012 to May 2017, the BSE has levied penalties/fines aggregating to Rs. 628,520.18/- 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.
- During the period April 2013 to July 2017, the CDSL has levied penalties/fines aggregating to Rs. 200848.81/-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. 7051.89/-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.
- 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.

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

Notwithstanding the foregoing, MOSL refuted the allegations in its letter of March 12, 2015 to SEBI on the grounds that the client's shares were sold only with his consent, which is evidenced from (a) his voluntary signing of the Member Client Agreement which granted MOSL the authority to deal in the Capital Market, Futures and Options,

and Derivatives segments of the securities market on the client's instructions; (b) his signing of numerous Delivery Instruction Slips for transferring shares from his demat account to MOSL as collateral for trading; and (c) the periodic receipt of electronic contract notes and accounting statements sent by MOSL to the client. MOSL also highlighted that the client had failed to bring the alleged irregularities and discrepancies to the MOSL's attention within the stipulated 24-hour period.

Further MOSL received some documents from SEBI, through their Letter dated February 25, 2016. SEBI has not commented on remaining requests placed by MOSL. MOSL has received a communication from SEBI which seeks to have a meeting on 11 July 2016.



**Addendum dated January 11, 2018 to the Disclosure Document of  
Portfolio Management Services**

The following change has been made to the Disclosure Document dated September 19, 2017:

- 1) Under the heading “**Services Offered**”, following Strategy have been introduced with effect from January 11, 2018:

**o) India Opportunity Portfolio Strategy - V2**

**Fund Manager:** Mr. Manish Sonthalia

**Co-Fund Manager:** Ms. Mythili Balakrishnan

**Benchmark:** Nifty Freefloat Midcap 100 Index

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from India's emerging businesses. It aims to predominantly invest in Small and Midcap stocks\* with a focus on identifying potential winners. Focus on Sectors and Companies which promise a higher than average growth.

*\*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy.*

**Features:**

- Investment Horizon: Medium to Long term
- Investment Approach: “Buy & Hold” strategy
- Focus on Sectors and Companies which promise a higher than average growth
- Concentration on emerging Themes
- High conviction focused portfolio

All other contents of the Disclosure Document remain unchanged.

This addendum forms an integral part of the Disclosure Document of Portfolio Management Services of Motilal Oswal Asset Management Company Limited.



**Addendum dated January 8, 2018 to the Disclosure Document**

The following changes have been made to the Disclosure Document dated September 19, 2017:

- 1) Under the heading “Services Offered”, the following explanation has been added under Next Trillion Dollar Opportunity Portfolio (NTDOP) Strategy with effect from January 8, 2018:

<b>Existing Provision</b>	<b>Revised Provision</b>
The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to predominantly invest in Small and Mid Cap stocks with a focus on identifying potential winners that would participate in successive phases of GDP growth.	<p>The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to predominantly invest in Small and Mid Cap stocks* with a focus on identifying potential winners that would participate in successive phases of GDP growth.</p> <p><i>*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy</i></p>

- 2) The Benchmark of the NTDOP Strategy is changed from Nifty Freefloat Midcap 100 Index to Nifty 500 Index with effect from January 8, 2018.

All other contents of the Disclosure Document remain unchanged.

This addendum forms an integral part of the Disclosure Document of Portfolio Management Services of Motilal Oswal Asset Management Company Limited.

