

## Motilal Oswal Asset Management Company Limited

**Registered Office:** 10<sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400 025. • **Toll Free No.:** 1800-200-6626  
• **CIN:** U67120MH2008PLC188186 • **Email:** mfservice@motilalosal.com • **Website:** <http://www.motilalosalmutualfund.com> and [www.mostshares.com](http://www.mostshares.com)

### NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (SID) AND KEY INFORMATION MEMORANDUM (KIM) OF SCHEMES OF MOTILAL OSWAL MUTUAL FUND

Unitholders are hereby informed that the Board of Directors of Motilal Oswal Trustee Company Limited (MOTC), Trustee to Motilal Oswal Mutual Fund (MOMF) has approved the following changes in the Schemes of MOMF with effect from **March 16, 2018**:

**A. Change in Fundamental Attributes of Schemes, Motilal Oswal MOST Focused 25 Fund, Motilal Oswal MOST Focused Midcap 30 Fund, Motilal Oswal MOST Ultra Short Term Bond Fund and Motilal Oswal MOST Focused Dynamic Equity Fund (Designated Schemes):**

I. Pursuant to SEBI Circular dated October 6, 2017 and December 4, 2017 providing Categorization and Rationalization of Mutual Fund Schemes and SEBI Circular dated February 28, 2017 relating to investments in the units of Real Estate Investment Trust (REITs) & Infrastructure Investment Trust (InvITs), following changes in Fundamental Attributes of Motilal Oswal MOST Focused 25 Fund, Motilal Oswal MOST Focused Midcap 30 Fund and Motilal Oswal MOST Ultra Short Term Bond Fund are proposed to be carried out:

**1. Motilal Oswal MOST Focused 25 Fund:**

Sr. No.	Particulars	Existing Provision	Proposed Provision																																								
1.	Name of the Scheme	Motilal Oswal MOST Focused 25 Fund (MOST Focused 25)	Motilal Oswal Focused 25 Fund (MOF25)																																								
2.	Type of the Scheme	An open ended equity scheme	An open ended equity scheme investing in maximum 25 stocks intending to focus on Large Cap stocks																																								
3.	Category	Not Applicable	Focused Fund intending to invest in large cap stocks																																								
4.	Definition of Large Cap	Nil	1 <sup>st</sup> -100 <sup>th</sup> company in terms of full market capitalization																																								
5.	Asset Allocation Pattern	<table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative allocations (% of total assets)</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Equity and equity related instruments* selected from Top 100 listed companies by market capitalization</td> <td>65</td> <td>100</td> <td>High</td> </tr> <tr> <td>Equity and equity related instruments* of the next 50 companies by market capitalization</td> <td>0</td> <td>25</td> <td>High</td> </tr> <tr> <td>Debt, Money Market Instruments, G-Sec, Bonds, Cash and Cash Equivalents, etc.</td> <td>0</td> <td>10</td> <td>Low</td> </tr> </tbody> </table> <p>*subject to overall limit of 25 companies</p>	Instruments	Indicative allocations (% of total assets)		Risk Profile	Minimum	Maximum	Equity and equity related instruments* selected from Top 100 listed companies by market capitalization	65	100	High	Equity and equity related instruments* of the next 50 companies by market capitalization	0	25	High	Debt, Money Market Instruments, G-Sec, Bonds, Cash and Cash Equivalents, etc.	0	10	Low	<table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative allocations (% of total assets)</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Equity and equity related instruments* selected from Top 100 listed companies by full market capitalization</td> <td>65</td> <td>100</td> <td>High</td> </tr> <tr> <td>Equity and equity related instruments* other than above</td> <td>0</td> <td>35</td> <td>High</td> </tr> <tr> <td>Debt, Money Market Instruments, G-Sec, Bonds, Cash and Cash Equivalents, etc.</td> <td>0</td> <td>10</td> <td>Low</td> </tr> <tr> <td>Units issued by REITs and InvITs</td> <td>0</td> <td>10</td> <td>Medium to High</td> </tr> </tbody> </table> <p>*subject to overall limit of 25 companies</p> <p>The Scheme may invest in units of REITs/InvITs to the extent mentioned in asset allocation and in line with, SEBI (Mutual Funds) (Amendment) Regulations, 2017.</p> <p>The Cumulative Gross Exposure to Equity, Debt, REITs and InvITs will not exceed 100% of the Net Assets of the Scheme.</p>	Instruments	Indicative allocations (% of total assets)		Risk Profile	Minimum	Maximum	Equity and equity related instruments* selected from Top 100 listed companies by full market capitalization	65	100	High	Equity and equity related instruments* other than above	0	35	High	Debt, Money Market Instruments, G-Sec, Bonds, Cash and Cash Equivalents, etc.	0	10	Low	Units issued by REITs and InvITs	0	10	Medium to High
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**2. Motilal Oswal MOST Focused Midcap 30 Fund:**

Sr. No.	Particulars	Existing Provision	Proposed Provision																																								
1.	Name of the Scheme	Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)	Motilal Oswal Midcap 30 Fund (MOF30)																																								
2.	Type of the Scheme	An open ended equity scheme	Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks																																								
3.	Category	Not Applicable	Mid Cap Fund																																								
4.	Definition of Mid Cap	Nil	101 <sup>st</sup> -250 <sup>th</sup> company in terms of full market capitalization																																								
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6.	Investment Strategy	<p>The primary investment objective of the Scheme is to generate returns by investing in a portfolio of midcap equity and equity related instruments, money market instruments, cash and cash equivalents. The Fund may also enter into securities lending or such other transactions, in accordance with the Regulations, as may be allowed to Mutual Funds from time to time.</p> <p>The portfolio will essentially follow MOAMC's QGLP philosophy – i.e. invest in Quality businesses with reasonable Growth potential and with sufficient Longevity of that growth potential at a fair Price. The scheme shall follow an active investment style and will seek to invest in midcap companies with a strong competitive position or economic moat, good business prospects, run by a competent management that will help them achieve good growth over the medium to long term and available at reasonable valuations. The fund shall practice a focused, high-conviction portfolio strategy with a low-churn, buy and hold approach to investing. It will typically select companies from beyond the Top 100 listed entities on the Indian stock exchanges and companies with market capitalization not lower than INR 600 crs.</p> <p>The long-term India growth story provides an excellent platform for small and mid-size businesses to unleash their growth potential and to emerge as large cap companies of the future. India has a plethora of mid-size listed companies and their number has only risen in recent years. We believe the midcap universe in India even today presents similar such investment opportunities from a medium to long term perspective. Besides, midcaps are typically found to be under-owned and under-researched and hence provide a large universe of exciting investment prospects.</p> <p>While making investment decisions, besides other factors, the impact of the prevailing economic environment over the medium to long term prospects of the companies will also be taken into consideration.</p> <p>The AMC will endeavour to meet the investment objective of the Scheme while maintaining a balance between safety, liquidity and return on investments.</p>	<p>The primary investment objective of the Scheme is to generate returns by investing in a portfolio of midcap equity and equity related instruments, money market instruments, cash and cash equivalents. The Fund may also enter into securities lending or such other transactions, in accordance with the Regulations, as may be allowed to Mutual Funds from time to time.</p> <p>The portfolio will essentially follow MOAMC's QGLP philosophy – i.e. invest in Quality businesses with reasonable Growth potential and with sufficient Longevity of that growth potential at a fair Price. The scheme shall follow an active investment style and will seek to invest in midcap companies with a strong competitive position or economic moat, good business prospects, run by a competent management that will help them achieve good growth over the medium to long term and available at reasonable valuations. The fund shall practice a <b>concentrated</b>, high-conviction portfolio strategy with a low-churn, buy and hold approach to investing. It will typically <b>select companies with full market capitalization within the range from 101<sup>st</sup> to 250<sup>th</sup> on recognized stock exchange</b>.</p> <p>The long-term India growth story provides an excellent platform for small and mid-size businesses to unleash their growth potential and to emerge as large cap companies of the future. India has a plethora of mid-size listed companies and their number has only risen in recent years. We believe the midcap universe in India even today presents similar such investment opportunities from a medium to long term perspective. Besides, midcaps are typically found to be under-owned and under-researched and hence provide a large universe of exciting investment prospects.</p> <p>While making investment decisions, besides other factors, the impact of the prevailing economic environment over the medium to long term prospects of the companies will also be taken into consideration.</p> <p>The AMC will endeavour to meet the investment objective of the Scheme while maintaining a balance between safety, liquidity and return on investments.</p>																																								

**3. Motilal Oswal MOST Ultra Short Term Bond Fund:**

Sr. No.	Particulars	Existing Provision	Proposed Provision
1.	Name of the Scheme	Motilal Oswal MOST Ultra Short Term Bond Fund (MOST Ultra Short Term Bond Fund)	Motilal Oswal Ultra Short Term Fund (MOFUSTF)
2.	Type of the Scheme	An open ended debt scheme	An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months (please refer to page no. )#
3.	Category	Not Applicable	Ultra Short Duration Fund
4.	Product Labeling	<ul style="list-style-type: none"> <li>optimal returns consistent with moderate levels of risk</li> <li>Investment in debt securities and money market securities with average maturity less than equal to 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>optimal returns consistent with moderate levels of risk</li> <li>Investment in debt securities and money market securities with Macaulay duration of the portfolio between 3 months and 6 months.</li> </ul>

5.	Asset Allocation Pattern	Instruments	Investment Pattern	Risk Profile	Instruments	Indicative allocations (% of total assets)	Risk Profile
		Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments with average maturity less than equal to 12 months	0% to 100%	High/Medium/Low	Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments with portfolio Macaulay* duration between 3 months and 6 months*	0% to 100%	Low
					Units issued by REITs and InvITs	0% to 10%	Medium to High

\* Though the Macaulay duration of the portfolio would be between 3 months and 6 months, individual security duration will be less than equal to 12 months. \* The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. The Scheme may invest in units of REITs/InvITs to the extent mentioned in asset allocation and in line with, SEBI (Mutual Funds) (Amendment) Regulations, 2017. The Cumulative Gross Exposure to Debt and REITs and InvITs will not exceed 100% of the Net Assets of the Scheme.

**II. Additional changes in fundamental attributes of Motilal Oswal MOST Focused Dynamic Equity Fund:**

Unitholders are hereby informed that the Board of Directors of MOTC has approved additional changes in fundamental attributes of Motilal Oswal MOST Focused Dynamic Equity Fund as follows:

Sr. No.	Particulars	Existing Provision	Proposed Provision																																								
1.	Name of the Scheme	Motilal Oswal MOST Focused Dynamic Equity Fund (MOST Focused Dynamic Equity)	Motilal Oswal Dynamic Fund (MOFDYNAMIC)																																								
2.	Type of the Scheme	An open ended equity scheme	An open ended dynamic asset allocation fund																																								
3.	Category	Not applicable	Dynamic Asset Allocation																																								
4.	Investment Objective	The investment objective is to generate long term capital appreciation by investing in equity and equity related instruments including equity derivatives as well as debt instruments. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.	The investment objective is to generate long term capital appreciation by investing in equity and equity related instruments including equity derivatives, debt, money market instruments and units issued by REITs and InvITs. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.																																								
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**6. Investment strategy:**

The Scheme uses Motilal Oswal Value Index (MOVI) as an indicator for the asset allocation between Equities, Arbitrage, Derivatives strategies and Debt. The Asset Allocation is reviewed twice a month and rebalanced on every 15<sup>th</sup> of the month based on the MOVI levels. In this regard, it is proposed to make minor changes in the Investment Strategy of the Scheme to provide operational flexibility for the Fund to allocate as per MOVI defined levels and to align the scheme allocation table with the explanation already provided thereunder. With the constant change in market dynamics, change in MOVI levels and the nature of flows, the Fund needs to change the proportionate exposure based on MOVI levels which amounts to sharp drop in the equity allocation of the Fund and are unable to hold good stocks in the desired quantity in the Fund. For instance, if the MOVI level is in the range of 100 - 110 which means it falls under the range of 55% equity allocation. Therefore, the fund manager in the above case will take 55% net long only equity exposure and 10% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments. If the MOVI level reaches the range of 110 - 120, then the fund manager will have to sharply drop net long only equity exposure to 40% from 55%.

The proposed revision in the Investment Strategy of the Scheme is as follows:

Current Investment Strategy	Proposed Investment Strategy																		
In the Scheme, the core long only equity exposure shall be a minimum of 30% of the portfolio value. Long only equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.	No change																		
The Fund will use Motilal Oswal Value Index (MOVI) as an indicator for the asset allocation between Equities, Arbitrage, Derivatives strategies and Debt. The asset allocation shall be reviewed twice a month and the rebalancing will be conducted on 15 <sup>th</sup> of every month and a day prior to derivative expiry day on the Exchange (if the above days are a non-business day, the previous business day shall be considered for rebalancing). However, there may be additional rebalances at the discretion of the Fund manager. However the rebalancing will always be based on the MOVI levels.	No change																		
The MOVI helps gauge attractiveness of the equity market. The MOVI is calculated taking into account Price to Earnings (P/E), Price to Book (P/B) and Dividend Yield of the Nifty 50 Index. The MOVI is calculated on 30 Daily Moving Average of the above parameters. A low MOVI level indicates that the market valuation appears to be cheap and one may allocate a higher percentage of their investments to Equity as an asset class. A high MOVI level indicates that the market valuation appears to be expensive and that one may reduce their equity allocation.	No change																		
The equity allocation based on the MOVI levels is as below:																			
<table border="1"> <thead> <tr> <th>MOVI Levels</th> <th>Equity Exposure</th> </tr> </thead> <tbody> <tr> <td>Less than 70</td> <td>100%</td> </tr> <tr> <td>70</td> <td>&lt;80</td> </tr> <tr> <td>80</td> <td>&lt;90</td> </tr> <tr> <td>90</td> <td>&lt;100</td> </tr> <tr> <td>100</td> <td>&lt;110</td> </tr> <tr> <td>110</td> <td>&lt;120</td> </tr> <tr> <td>120</td> <td>&lt;130</td> </tr> <tr> <td>130 or above</td> <td>0%</td> </tr> </tbody> </table>	MOVI Levels	Equity Exposure	Less than 70	100%	70	<80	80	<90	90	<100	100	<110	110	<120	120	<130	130 or above	0%	No change
MOVI Levels	Equity Exposure																		
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70	<80																		
80	<90																		
90	<100																		
100	<110																		
110	<120																		
120	<130																		
130 or above	0%																		

India Index Services & Products Ltd. (IISL) is the calculating agent of NIFTY MOVI. IISL shall calculate, compile, maintain and provide NIFTY MOVI values to Motilal Oswal Asset Management Company Ltd. NIFTY MOVI values will be published on the MOAMC website on a daily basis.

Any change in methodology of MOVI would be construed as change in Investment Strategy and will be carried out by obtaining prior consent of the Board of Trustees of Motilal Oswal Trustee Company Limited, the Trustees to Motilal Oswal Mutual Fund. Hence, it will be construed as a change in fundamental attribute and accordingly, the relevant regulatory provisions will be applicable.



## Motilal Oswal Asset Management Company Limited

**Registered Office:** 10<sup>th</sup> Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400 025. • **Toll Free No.:** 1800-200-6626  
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Current Investment Strategy	Proposed Investment Strategy
<b>Equity Investment:</b> The Fund shall follow an active investment style using bottom-up stock picking based on the 'Buy Right : Sit Tight' investment philosophy. The Fund managers shall identify and invest in shares of businesses run by high quality management & having sustainable and scalable business models thus using QGLP (Quality, Growth, Longevity & Price) as the key evaluation parameters. The businesses should have strong earnings growth prospects and be available at reasonable valuations.  The Fund Portfolio shall comprise of high conviction stock ideas from across market-capitalization levels/sectors. The portfolio stocks may be potentially concentrated in a few market capitalization levels/sectors which are expected to do well and have lower downside risk.	No change
<b>Debt:</b> The Fund shall invest in various types of permitted Debt Instruments including Government Securities, Corporate Debt, Other debt instruments and Money Market Instruments of various maturities and ratings with the objective of providing liquidity and achieving optimal returns.	No change
<b>Arbitrage and Derivative Strategies:</b> The Fund shall undertake Cash/Futures Arbitrage to take advantage of the volatile situation in the market. The Fund may use Derivative including Index Futures, Stock Futures, Index Options and Stock Options etc.	No change

Following depicts more clarity on MOVI based Scheme allocation.

MOVI Levels	Equity Exposure as per MOVI	Equity (%)	Equity Arbitrage (%)	Debt Instruments (%)
Less than 70	100	100%	0%	0%
70 <80	90	90%	0%	10%
80 <90	80	80%	0%	20%
90 <100	70	70%	0%	30%
100 <110	55	55%	10%	35%
110 <120	40	45%	25%	35%
120 <130	25	25%	35%	35%
130 or above	0	0%	35%	35%

The proposed revision in the Investment Strategy of the Scheme is as follows:

MOVI Levels	Equity Exposure as per MOVI	Net Equity (%)	Equity Arbitrage (%)	Debt Instruments (%)
Less than 70	100	100	0	0
70 <80	90	90 – 95	0	Upto 10
80 <90	80	80 – 85	0	Upto 20
90 <100	70	70 – 75	0	Upto 30
100 <110	55	55 – 60	5 – 35	Upto 35
110 <120	40	40 – 45	20 – 35	Upto 35
120 <130	25	30 – 40	25 – 35	Upto 35
130 or above	0	30 – 40	25 – 35	Upto 35

Scenario 1 - Let's assume the MOVI level is at 60 which means it falls in the range of 100% equity allocation. Therefore, the fund manager in the above case will take upto 100% long only equity exposure.

Scenario 1 - Let's assume the MOVI level is at 60 which means it falls in the range of 100% equity allocation. Therefore, the fund manager in the above case will take upto 100% long only equity exposure.

Scenario 2 - Let's assume the MOVI level is at 100 which means it falls in the range of 55% equity allocation. Therefore, the fund manager in the above case will take 55% long only equity exposure and minimum 10% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments.

Scenario 2 - Let's assume the MOVI level is at 100 which means it falls in the range of 55% equity allocation. Therefore, the fund manager in the above case will take 55% to 60% long only equity exposure and minimum 5% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments.

Scenario 3 - Let's assume the MOVI level is at 120 which means it falls in the range of 25% equity allocation. Therefore, the fund manager in the above case will take 30% long only equity exposure and minimum 35% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments.

Scenario 3 - Let's assume the MOVI level is at 120 which means it falls in the range of 25% equity allocation. Therefore, the fund manager in the above case will take 30% to 40% long only equity exposure and minimum 25% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments.

Scenario 4 - Let's assume the MOVI level is at 150 which means it falls in the range of 0% equity allocation. Therefore, the fund manager in the above case will take 30% long only equity exposure and minimum 35% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments.

Scenario 4 - Let's assume the MOVI level is at 150 which means it falls in the range of 0% equity allocation. Therefore, the fund manager in the above case will take 30% to 40% long only equity exposure and minimum 25% in arbitrage opportunity. The balance upto 35% will be invested in debt instruments.

In the periods where the MOVI levels indicates a 100% equity allocation, the exposure of the scheme in equity and equity related instruments will increase upto 100%. However, if the MOVI levels reflect high valuation, the Scheme will restrict its investment in equity to 30% and shall take arbitrage positions to the extent of 35% of the portfolio, therefore resulting into an equity category exposure of 65%. In such a scenario the balance will be invested into debt market instruments.

In the periods where the MOVI levels indicates a 100% equity allocation, the exposure of the scheme in equity and equity related instruments will increase upto 100%. However, if the MOVI levels reflect high valuation, the Scheme will restrict its investment in equity to 30% - 40% and shall take arbitrage positions to the extent of 25% - 35% of the portfolio, therefore resulting into an equity category exposure of 65%. In such a scenario the balance will be invested into debt market instruments.

While making investment decisions, besides other factors, the impact of the prevailing economic environment over the medium to long term prospects of the companies will also be taken into consideration. The AMC will endeavour to meet the investment objective of the Scheme while maintaining a balance between safety, liquidity and return on investments.

No change

**Following applicable limits for investment in units of REITs/InvITs and risk factors shall be added in SIDs of Motilal Oswal MOST Focused 25 Fund, Motilal Oswal MOST Focused Midcap 30 Fund, Motilal Oswal MOST Ultra Short Term Bond Fund and Motilal Oswal MOST Focused Dynamic Equity Fund:**

**Applicable limits for investment in units of REITs/InvITs:**

Apart from investment restrictions specified under Seventh schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, additional investment restriction shall be as follows:

- No Mutual Fund under all its scheme shall own more than 10% of units issued by a single issuer of REIT and InvITs
- At a single Mutual Fund scheme level:
  - not more than 10% of its NAV in the units of REIT and InvITs and
  - not more than 5% of its NAV in the units of REIT and InvITs issued by a single issuer.

**Risk Factors Associated with Investments in REITs and InvITs:**

- Risk of lower than expected distributions:** The distributions by the REIT or InvITs will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/ InvITs receives as dividends on the interest and principal payments from portfolio assets. The cash flows generated by portfolio assets from operations may fluctuate primarily based on the below, amongst other things:
  - Success and economic viability of tenants and off-takers
  - Economic cycles and risks inherent in the business which may negatively impact valuations, returns and profitability of portfolio assets
  - Force majeure events related such as earthquakes, floods, etc. rendering the portfolio assets inoperable
  - Debt service requirements and other liabilities of the portfolio assets
  - Fluctuations in the working capital needs of the portfolio assets

- Ability of portfolio assets to borrow funds and access capital markets
- Changes in applicable laws and regulations, which may restrict the payment of dividends by portfolio assets
- Amount and timing of capital expenditures on portfolio assets
- Insurance policies may not provide adequate protection against various risks associated with operations of the REIT/ InvITs such as fire, natural disasters, accidents, etc.
- Taxation and regulatory factors

➤ **Price Risk:** The valuation of REIT/ InvITs units may fluctuate based on economic conditions, fluctuations in markets (e.g. Real estate) in which the REIT/ InvITs operates and resulting impact on the value of the portfolio of assets, regulatory changes, force majeure events, etc. REITs and InvITs may have volatile cash flows. As an indirect shareholder of portfolio assets, unit holders rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian Law in the event of insolvency or liquidation of any of the portfolio assets.

➤ **Market Risk:** REITs and InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. Investors may note that AMC/Fund Manager's investment decisions may not always be profitable, as actual market movements may be at variance with the anticipated trends. The NAV of the Scheme is vulnerable to movements in the prices of securities invested by the scheme, due to various market related factors like changes in the general market conditions, factors and forces affecting capital market, level of interest rates, trading volumes, settlement periods and transfer procedures.

➤ **Liquidity Risk:** As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.

➤ **Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

The aforementioned changes in the Designated Schemes amounts to change in the fundamental attribute of the respective Schemes as per Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996.

Hence, the Unitholders under the Designated Schemes as on February 9, 2018 who are not in agreement with the aforesaid change may redeem or switch their units to other available/eligible Schemes of MOMF at the prevailing Net Asset Value without payment of exit load, if any, for a period of 30 days starting from February 14, 2018 to March 15, 2018 (both days inclusive). Redemption/Switch request, if any, may be lodged at any of the Official Point of Acceptance of MOMF on or before March 15, 2018 (upto 3.00 p.m.). The Unitholders who have pledged/lien marked their units will have to procure a release of the pledge/lien prior to submitting the request to exit. Also note that if the Unitholder wish to exercise the exit option, please ensure that any change in the existing bank mandate is duly registered with MOMF.

Unitholders may note that no action is required in case they are in agreement with the proposed change and the same shall be deemed as their acceptance to the proposed change.

A written communication is also being sent to all the Unitholders of the Designated Schemes informing them of the proposed change and the exit option details.

SEBI vide its letter dated February 8, 2018 having reference no. IMD/DF3/OW/P/2018/4212/1 has taken note of the aforementioned changes in the fundamental attribute of the Schemes of MOMF.

**B. Change in features of Schemes of MOMF (not amounting to change in Fundamental Attribute):**

Pursuant to SEBI Circular dated October 6, 2017 and December 4, 2017 providing Categorization and Rationalization of Mutual Fund Schemes, the following changes in features of the Schemes will be carried out:

Sr. No.	Existing Provision	Proposed Provision
1.	<b>Name of Scheme:</b> Motilal Oswal MOST Focused Multicap 35 Fund (MOST Focused Multicap 35) <b>Type of Scheme:</b> An open ended equity scheme <b>Category of Scheme:</b> Multicap <b>Definition of Large Cap, Mid Cap and Small Cap:</b> Nil	<b>Name of Scheme:</b> Motilal Oswal Multicap 35 Fund (MOF35) <b>Type of Scheme:</b> Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks <b>Category of Scheme:</b> Multicap <b>Definition of Large Cap, Mid Cap and Small Cap:</b> Large Cap: 1 <sup>st</sup> - 100 <sup>th</sup> company in terms of full market capitalization Mid Cap: 101 <sup>st</sup> - 250 <sup>th</sup> company in terms of full market capitalization Small Cap: 251 <sup>st</sup> company onward in terms of full market capitalization
2.	<b>Name of Scheme:</b> Motilal Oswal MOST Focused Long Term Fund (MOST Focused Long Term) <b>Type of Scheme:</b> An open ended equity linked saving Scheme with a 3 year lock-in <b>Category of Scheme:</b> Not applicable	<b>Name of Scheme:</b> Motilal Oswal Long Term Equity Fund (MOFLTE) <b>Type of Scheme:</b> An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit <b>Category of Scheme:</b> ELSS
3.	<b>Name of Scheme:</b> Motilal Oswal MOST Shares M50 ETF (MOST Shares M50) <b>Type of Scheme:</b> An open ended index Exchange Traded Fund <b>Category of Scheme:</b> Not applicable	<b>Name of Scheme:</b> Motilal Oswal M50 ETF (MOFM50) <b>Type of Scheme:</b> An open ended scheme replicating Nifty 50 Index <b>Category of Scheme:</b> ETF
4.	<b>Name of Scheme:</b> Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100) <b>Type of Scheme:</b> An open ended index Exchange Traded Fund <b>Category of Scheme:</b> Not applicable	<b>Name of Scheme:</b> Motilal Oswal Midcap 100 ETF (MOFM100) <b>Type of Scheme:</b> An open ended scheme replicating Nifty Free Float Midcap 100 Index <b>Category of Scheme:</b> ETF
5.	<b>Name of Scheme:</b> Motilal Oswal MOST Shares Nasdaq 100 ETF (MOST Shares Nasdaq 100) <b>Type of Scheme:</b> An open ended index Exchange Traded Fund <b>Category of Scheme:</b> Not applicable	<b>Name of Scheme:</b> Motilal Oswal Nasdaq 100 ETF (MOFN100) <b>Type of Scheme:</b> An open ended scheme replicating NASDAQ-100 Index <b>Category of Scheme:</b> ETF

This notice cum addendum forms an integral part of the SID and KIM of the aforementioned schemes of MOMF. The SID and KIM of the Schemes of MOMF shall be suitably modified. All other terms & conditions of the aforementioned Scheme shall remain unchanged.

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

Place : Mumbai  
Date : February 9, 2018

Sd/-  
Aashish P Somalyaa  
Chief Executive Officer

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,  
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**