SCHEME INFORMATION DOCUMENT (SID)

Kotak Asset Allocator Fund
An Open - Ended Fund of Funds Scheme
Continuous Offer of units of scheme available at NAV bases prices

This product is suitable for investors who are seeking*
- Long term capital growth
- Investment in open-ended diversified equity schemes and debt schemes of Kotak Mahindra Mutual Fund

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

Earlier known as Kotak Equity FOF. Scheme converted to an open ended fund of funds scheme on September 20, 2014

<table>
<thead>
<tr>
<th>Name of Mutual Fund</th>
<th>Kotak Mahindra Mutual Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Asset Management Company</td>
<td>Kotak Mahindra Asset Management Company Ltd</td>
</tr>
<tr>
<td>CIN:</td>
<td>U65991MH1994PLC080009</td>
</tr>
<tr>
<td>Name of Trustee Company</td>
<td>Kotak Mahindra Trustee Company Ltd</td>
</tr>
<tr>
<td>CIN:</td>
<td>U65990MH1995PLC090279</td>
</tr>
<tr>
<td>Registered Address of the Companies</td>
<td>27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051</td>
</tr>
<tr>
<td>Corporate Office Address of Asset Management Company</td>
<td>2nd Floor, 12-BKC, Plot No. C-12, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051</td>
</tr>
<tr>
<td>Website</td>
<td>assetmanagement.kotak.com</td>
</tr>
</tbody>
</table>

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

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

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Kotak Mahindra Mutual Fund, Tax and Legal issues and general information on assetmanagement.kotak.com.

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website assetmanagement.kotak.com.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated June 26, 2017.
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## I. HIGHLIGHTS/SUMMARY OF THE SCHEME

<table>
<thead>
<tr>
<th>SCHEME</th>
<th>Kotak Asset Allocator Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Scheme</strong></td>
<td>An open ended fund of funds scheme</td>
</tr>
<tr>
<td><strong>Investment Objective</strong></td>
<td>To generate long-term capital appreciation from a portfolio created by investing in specified open-ended equity, and debt schemes of Kotak Mahindra Mutual Fund. However, there is no assurance that the investment objective of the Scheme will be realized</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td>Open-ended. Purchases and redemptions at prices related to Applicable NAV, on each Working Day.</td>
</tr>
<tr>
<td><strong>Benchmark Index</strong></td>
<td>Crisil Balanced Fund Index</td>
</tr>
<tr>
<td><strong>Transparency / NAV disclosure</strong></td>
<td>The Mutual Fund shall update the Net asset value of the scheme on next business day on AMFI’s website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 10.00 a.m. The NAVs shall also be updated on the website of the Mutual Fund assetmanagement.kotak.com and will be published in two newspapers having nationwide circulation on every business day. Delay in uploading of NAV beyond 10.00 a.m. on next business day shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following next business day due to any reason, a press release for revised NAV shall be issued. The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website viz. assetmanagement.kotak.com. on or before the tenth day of succeeding month.</td>
</tr>
</tbody>
</table>
| **Plans under the scheme** | • Direct Plan  
  • Regular Plan  
  Direct Plan: This Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.  
  Regular Plan: This Plan is for investors who wish to route their investment through any distributor.  
  The portfolio of both plans will be unsegregated. |
| **Default Plan** | Investors subscribing under Direct Plan of the Scheme will have to indicate “Direct Plan” against the Scheme name in the application form e.g. “Kotak Asset Allocator Fund – Direct Plan”.  
  Investors should also indicate “Direct” in the ARN column of the application form.  
  If the application is received incomplete with respect to not selecting Regular/Direct Plan, the application will be processed as under: |
### Scenario

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Broker Code mentioned by the investor</th>
<th>Plan mentioned by the investor</th>
<th>Default Plan to be captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not mentioned</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>2</td>
<td>Not mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>3</td>
<td>Not mentioned</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>4</td>
<td>Mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>5</td>
<td>Direct</td>
<td>Not Mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>6</td>
<td>Direct</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>7</td>
<td>Mentioned</td>
<td>Regular</td>
<td>Regular Plan</td>
</tr>
<tr>
<td>8</td>
<td>Mentioned</td>
<td>Not Mentioned</td>
<td>Regular Plan</td>
</tr>
</tbody>
</table>

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

### Options under each Plan

- Growth and Dividend (Payout and Reinvestment).

The NAVs of the above Options will be different and separately declared; the portfolio of investments remaining the same.

Investors are requested to note that, where the actual amount of dividend payout is less than Rs. 500/-, then such dividend will be compulsorily reinvested.

### Choice of Option

- If applicant does not indicate the choice of option between growth and dividend option in the application form then the fund will accept it as an application for growth option under respective plan.
- If applicant does not indicate the choice of dividend sub-option between dividend payout and dividend reinvestment then the fund will accept it as an application for dividend reinvestment.

### Dividend Frequency

(Dividend is declared subject to availability and adequacy of distributable surplus)

At the discretion of the Trustees

### Dividend Record Dates

(If the Record date is not a Business Day, the immediately following)

-
<table>
<thead>
<tr>
<th><strong>Business Day will be the record date)</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SIP/SWP/STP/DTP Facilities</strong></td>
<td>Available</td>
</tr>
<tr>
<td><strong>SIP Frequency &amp; Dates</strong></td>
<td>1st, 7th, 10th, 14th, 15th, 21st, 25th, and 28th of the Month/Quarter</td>
</tr>
<tr>
<td><strong>SWP/STP Frequency</strong></td>
<td>Weekly (Only for STP), Monthly and Quarterly</td>
</tr>
<tr>
<td><strong>SWP Dates</strong></td>
<td>1st, 7th, 14th, 21st and 25th</td>
</tr>
<tr>
<td><strong>STP Dates</strong></td>
<td>Any business day</td>
</tr>
<tr>
<td><strong>SWP/STP</strong></td>
<td>Fixed Sum or Entire Appreciation</td>
</tr>
<tr>
<td><strong>Minimum Investment size</strong></td>
<td><strong>Initial Purchase (Non-SIP)</strong></td>
</tr>
<tr>
<td></td>
<td>Rs. 5000/- and in multiples of Re. 1 for purchases and of Re. 0.01 for switches.</td>
</tr>
<tr>
<td><strong>Minimum Redemption Amount</strong></td>
<td><strong>In Rupees (Non-SWP/STP)</strong></td>
</tr>
<tr>
<td></td>
<td>Rs. 1000/-</td>
</tr>
<tr>
<td><strong>Minimum balance to be maintained and consequences of non maintenance.</strong></td>
<td>If the holding is less than Rs. 1000 or 100 units, after processing the redemption request, the entire amount/units will be redeemed from the Scheme.</td>
</tr>
<tr>
<td><strong>In Rupees (SWP/STP)</strong></td>
<td>Rs. 1000/- (Subject to a minimum of 6 installments) / Entire Appreciation</td>
</tr>
<tr>
<td><strong>Cheques/ Drafts to favour</strong></td>
<td><strong>Direct Plan:</strong> Cheques should be drawn in favor of Kotak Asset Allocator – Direct Plan</td>
</tr>
<tr>
<td></td>
<td><strong>Regular Plan:</strong> Cheques should be drawn in favor of Kotak Asset Allocator</td>
</tr>
<tr>
<td><strong>Loads</strong></td>
<td><strong>Entry Load:</strong> Nil</td>
</tr>
<tr>
<td></td>
<td><strong>Exit Load:</strong></td>
</tr>
<tr>
<td></td>
<td>• 1% if exit before 1 year from date of allotment</td>
</tr>
<tr>
<td></td>
<td>• Nil if exit after 1 year from the date of allotment</td>
</tr>
<tr>
<td></td>
<td>➢ Exit Load shall be applicable incase of switch from Regular Plan (where broker code is mentioned) to Direct Plan</td>
</tr>
<tr>
<td></td>
<td>➢ Exit Load shall not be applicable:</td>
</tr>
<tr>
<td></td>
<td>• Incase of switch from Regular Plan (where no broker code is mentioned) to Direct Plan</td>
</tr>
<tr>
<td></td>
<td>• In case of switch from Direct Plan to Regular Plan.</td>
</tr>
<tr>
<td></td>
<td>Any exit load charged (net off Service Tax, if any) shall be credited back to the Scheme.</td>
</tr>
<tr>
<td></td>
<td>Units issued on reinvestment of dividends shall not be subject to entry and exit load.</td>
</tr>
</tbody>
</table>
II. INTRODUCTION

A. Risk Factors

Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/value/interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. The value of investments may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- Kotak Asset Allocator is only the name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs.2,50,000 made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme.

Scheme Specific Risk Factors

1. The investors of the Scheme shall bear the recurring expenses of the Scheme in addition to the expenses of the underlying schemes. Hence the investor under the Scheme may receive lower pre-tax returns than what they may receive if they had invested directly in the underlying schemes in the same proportions.

2. The Portfolio disclosure of the Scheme will be limited to providing the particulars of the underlying schemes where the Scheme has invested and will not include the investments made by the underlying schemes.

3. The Portfolio rebalancing may result in higher transaction costs.

4. Since the Scheme proposes to invest in underlying schemes, the significant underperformance in even one of the underlying schemes may adversely affect the performance of the Scheme.

5. The scheme proposes to invest in specified open-ended mutual fund schemes of Kotak Mahindra Mutual Fund. Hence the Scheme's performance will depend upon the performance of the underlying schemes. Any change in the investment policies or the fundamental attributes of the underlying schemes may affect the performance of the Scheme.

6. Investments in underlying schemes will have all the risks associated with such schemes including performance of underlying stocks, derivative investments, off shore investments, stock lending, changes in credit rating, trading volumes, settlement periods, price/interest rate risk, volatility & liquidity in money markets, basis risk, spread risk, re-investment risk, etc.

7. The Scheme's performance may be impacted by exit loads or other redemption charges that may be charged at the time of redemption from the Underlying Schemes. Since the incidence of exit loads on investments made by the Scheme in Underlying Schemes of the Fund is based on first-in, first-out principle, it is anticipated that the impact of such exit loads/redemption charges could be minimal during the normal course of functioning of the Scheme.

8. There would be an impact on underlying schemes on account of portfolio rebalancing i.e. change in allocation to equity & debt schemes. Such redemptions can be high at times being
more than 5% of the underlying equity scheme(s). However, due to portfolio rebalancing, should the redemptions in Underlying scheme(s) exceed 5% of the net asset of each Underlying scheme, then the Investment Manager will stagger redemptions over few days, so that redemptions in any Underlying scheme(s) do not constitute more than 5% of the net asset of the Underlying scheme(s) on any given business day.

9. The investors should refer to the Scheme Information Documents and the related addendum for the scheme specific risk factors and special consideration of the respective Underlying Schemes.

B. Requirement of Minimum Investors in the Scheme

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme/Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme/Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. Special Considerations

i. Prospective investors should review/study SAI along with SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of units within their jurisdiction/nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/gifting to, purchasing or holding units before making an application for units.

ii. Neither this SID and SAI, nor the units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of this SID is required to inform themselves about, and to observe, any such restrictions. It is the responsibility of any persons in possession of this SID and any persons wishing to apply for units pursuant to this SID to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. Any changes in SEBI/NSE/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.

iii. Kotak Mahindra Mutual Fund/AMC has not authorised any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of units under the Schemes. Prospective investors are advised not to rely upon any information
or representations not incorporated in the SAI and SID as the same have not been authorised by
the Fund or the AMC. Any purchase or redemption made by any person on the basis of
statements or representations which are not contained in this SID or which are not consistent
with the information contained herein shall be solely at the risk of the investor. The investor is
requested to check the credentials of the individual, firm or other entity he/she is entrusting
his/her application form and payment to, for any transaction with the Fund. The Fund shall not
be responsible for any acts done by the intermediaries representing or purportedly representing
such investor.

iv. If the units are held by any person in breach of the Regulations, law or requirements of any
governmental, statutory authority including, without limitation, Exchange Control Regulations,
the Fund may mandatorily redeem all the units of any Unit holder where the units are held by a
Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any
Unit holder in the event it is found that the Unit holder has submitted information either in the
application or otherwise that is false, misleading or incomplete.

v. If a Unit holder makes a redemption request immediately after purchase of units, the Fund shall
have a right to withhold the redemption request till sufficient time has elapsed to ensure that the
amount remitted by the Unit holder (for purchase of units) is realized and the proceeds have
been credited to the Scheme’s Account. However, this is only applicable if the value of
redemption is such that some or all of the freshly purchased units may have to be redeemed to
effect the full redemption.

vi. In terms of the Prevention of Money Laundering Act, 2002 ("PMLA") the rules issued there
under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering
(AML) Laws, all intermediaries, including mutual funds, are required to formulate and
implement a client identification programme, and to verify and maintain the record of identity
and address(es) of investors.

vii. If after due diligence, the AMC believes that any transaction is suspicious in nature as regards
money laundering, the AMC shall report any such suspicious transactions to competent
authorities under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI, furnish
any such information in connection therewith to such authorities and take any other actions as
may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines
issued thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unit
holder/any other person.
D. Definitions

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

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable NAV</td>
<td>Unless stated otherwise in the SID, ‘Applicable NAV’ is the Net Asset Value at the close of a Business Day as of which the purchase or redemption is sought by an investor and determined by the Fund.</td>
</tr>
<tr>
<td>Asset Management Company or AMC or Investment Manager</td>
<td>Kotak Mahindra Asset Management Company Limited, the Asset Management Company incorporated under the Companies Act, 1956, and authorised by SEBI to act as Investment Manager to the Schemes of Kotak Mahindra Mutual Fund.</td>
</tr>
</tbody>
</table>
| Business Day                              | A day other than:  
  (i) Saturday or Sunday;  
  (ii) a day on which both the National Stock Exchange and the Bombay Stock Exchange are closed  
  (iii) a day on which the Purchase and Redemption of Units is suspended  
Additionally, the days when the banks in any location where the AMC’s Investor service center are located, are closed due to local holiday, such days will be treated as non-business days at such centers for the purpose of accepting subscriptions. However if the Investor service center in such location is open on such local holidays, only redemption and switch request will be accepted at those centers provided it is a business day for the scheme.  
The AMC reserves the right to change the definition of Business Day. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all ISCs. |
| Consolidated Account Statement (CAS)      | A statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month, with respect to the Units held in account statement (non-demat) form |
| Custodian                                  | Deutsche Bank AG and Standard Chartered Bank, acting as Custodian to the Scheme, or any other Custodian appointed by the Trustee.                                                                           |
| Dividend Option                           | Under the Dividend option, the Trustee may at any time decide to distribute by way of dividend, the surplus by way of realised profit and interest, net of losses, expenses and taxes, if any, to Unitholders if, in the opinion of the Trustee, such surplus is available and adequate for distribution. The Trustee's decision with regard to such availability and adequacy of surplus, rate, timing and frequency of distribution shall be final. The Trustee may or may not distribute surplus, even if available, by way of dividend.  
The dividend will be paid to only those Unitholders whose names appear on the register of Unitholders of the Scheme / Option at the close of the business hours on the record date, which will be announced in advance. |
The Dividend Option will be available under two sub-options – the Payout Option and the Reinvestment Option.

**Dividend Payout Option:** Unitholders will have the option to receive payout of their dividend by way of Payorder / DD any other means which can be encashed or by way of direct credit / electronic payout into their account.

**Dividend Reinvestment Option:** Under the reinvestment option, dividend amounts will be reinvested in the Dividend Reinvestment Option at the Applicable NAV announced immediately following the record date.

However, the Trustees reserve the right to introduce new options and / or alter the dividend payout intervals, frequency, including the day of payout.

<p>| Entry Load | The charge that is paid by an Investor when he invests an amount in the Scheme. |
| Exit Load | The charge that is paid by a Unitholder when he redeems Units from the Scheme. |
| FII | Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. |
| Gilts/Government Securities | Securities created and issued by the Central Government and/or State Government. |
| Growth Option | Under the Growth option, there will be no distribution of income and the return to investors will be only by way of capital gains, if any, through redemption at applicable NAV of Units held by them. |
| IMA | Investment Management Agreement dated 20th May 1996, entered into between the Fund (acting through the Trustee) and the AMC and as amended up to date, or as may be amended from time to time. |
| Investor Service Centres or ISCs | Designated branches of the AMC / other offices as may be designated by the AMC from time to time. |
| Kotak Asset Allocator | An Open-Ended Fund of Funds Scheme |
| Kotak Bank/ Sponsor | Kotak Mahindra Bank Limited. |
| KMMF/Fund/ Mutual Fund | Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882. |
| KMTCL/Trustee | Kotak Mahindra Trustee Company Limited, a company set up under the Companies Act, 1956, and approved by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund. |
| MIBOR | The Mumbai Interbank Offered Rate published once every day by the National Stock Exchange and published twice every day by Reuters, as specifically applied to each contract. |
| Mutual Fund Regulations/ Regulations | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended up to date, and such other regulations as may be in force from time to time. |
| NAV | Net Asset Value of the Units of the Scheme (including the options thereunder) as calculated in the manner provided in this SID or as may be prescribed by Regulations from time to time. The NAV will be computed up to four decimal places. |
| NRI | Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999. |</p>
<table>
<thead>
<tr>
<th><strong>Purchase Price</strong></th>
<th>Purchase Price, to an investor, of Units under the Scheme (including Options thereunder) computed in the manner indicated elsewhere in this SID.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Redemption Price</strong></td>
<td>Redemption Price to an investor of Units under the Scheme (including Options thereunder) computed in the manner indicated elsewhere in this SID.</td>
</tr>
<tr>
<td><strong>Registrar</strong></td>
<td>Computer Age Management Services Private Limited (&quot;CAMS&quot;), acting as Registrar to the Scheme, or any other Registrar appointed by the AMC.</td>
</tr>
<tr>
<td><strong>Repo</strong></td>
<td>Sale of securities with simultaneous agreement to repurchase them at a later date.</td>
</tr>
<tr>
<td><strong>Reserve Bank of India/RBI</strong></td>
<td>Reserve Bank of India, established under the Reserve Bank of India Act, 1934.</td>
</tr>
<tr>
<td><strong>Reverse Repo</strong></td>
<td>Purchase of securities with a simultaneous agreement to sell them at a later date.</td>
</tr>
<tr>
<td><strong>Money Market Instruments</strong></td>
<td>Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.</td>
</tr>
<tr>
<td><strong>Scheme</strong></td>
<td>Kotak Asset Allocator Fund</td>
</tr>
<tr>
<td><strong>Standard Information Document (SID)</strong></td>
<td>This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme.</td>
</tr>
<tr>
<td><strong>Statement of Additional Information (SAI)</strong></td>
<td>It contains details of Kotak Mahindra Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document)</td>
</tr>
<tr>
<td><strong>SEBI</strong></td>
<td>The Securities and Exchange Board of India.</td>
</tr>
<tr>
<td><strong>Trust Deed</strong></td>
<td>The Trust Deed entered into on 20th May 1996 between the Sponsor and the Trustee, as amended up to date, or as may be amended from time to time.</td>
</tr>
<tr>
<td><strong>Trust Fund</strong></td>
<td>The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.</td>
</tr>
<tr>
<td><strong>Unit</strong></td>
<td>The interest of the investors in the Scheme, which consists of each Unit representing one undivided share in the assets of the Scheme.</td>
</tr>
<tr>
<td><strong>Unitholder</strong></td>
<td>A person who holds Unit(s) of the Scheme.</td>
</tr>
<tr>
<td><strong>Valuation Day</strong></td>
<td>Business Day of the Scheme.</td>
</tr>
<tr>
<td><strong>Words and Expressions used in this SID and not defined</strong></td>
<td>Same meaning as in Trust Deed.</td>
</tr>
</tbody>
</table>
E. Due Diligence by the Asset Management Company

DUE DILIGENCE CERTIFICATE

It is confirmed that:

(i) the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.

(iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For Kotak Mahindra Asset Management Company Limited
Asset Management Company for Kotak Mahindra Mutual Fund

Place: Mumbai  Jolly Bhatt
Date: June 26, 2017  Compliance Officer and Company Secretary
III. INFORMATION ABOUT THE SCHEME

KOTAK ASSET ALLOCATOR FUND

A. Type of the scheme

An Open-Ended Fund of Funds Scheme

B. What is the investment objective of the scheme?

The Investment Objective of the Scheme is to generate long-term capital appreciation from a portfolio created by investing predominantly in open-ended diversified equity schemes of Mutual Funds registered with SEBI.

However, there is no assurance that the investment objective of the Scheme will be realized.

C. How will the scheme allocate its assets?

Under normal circumstances the asset allocation will be as under:-

<table>
<thead>
<tr>
<th>Investment Profile</th>
<th>Indicative allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units of Kotak 50 and/or Kotak Opportunities and/or Kotak Select Focus Fund and/or Kotak Midcap and/or other schemes of Kotak Mahindra Mutual Fund, having similar objectives, strategy and attributes, suitable for the scheme.</td>
<td>0% - 100%</td>
<td>High</td>
</tr>
<tr>
<td>Units of Kotak Mahindra Bond Unit Scheme and/or Kotak Bond Short Term Plan and/or Kotak Flexi Debt and/or Kotak Floater Long Term and/or Kotak Liquid and/or other schemes of Kotak Mahindra Mutual Fund, having similar objectives, strategy and attributes, suitable for the scheme.</td>
<td>0% – 100%</td>
<td>Medium</td>
</tr>
<tr>
<td>Reverse repo, CBLO and/or other similar instruments as may be notified and/or liquid schemes of Kotak Mahindra Mutual Fund</td>
<td>0%-10%</td>
<td>Low to medium</td>
</tr>
</tbody>
</table>

In case the allocation in Reverse repo, CBLO and/or other similar instruments as may be notified and/or liquid schemes of Kotak Mahindra Mutual Fund, exceeds the limits as stated above, rebalancing will be conducted, and the range will be restored within 30 days.

The AMC may in the interest of the unit holders, may decide to invest in any other schemes of Kotak Mahindra Mutual Fund ‘having similar objectives, strategy and attributes, suitable for the scheme.

The Scheme shall not invest in securitized debt/ADR/GDR and foreign Securities and shall not undertake short selling of securities.

D. Where will the scheme invest

Subject to the Regulations, the amount collected under the scheme can be invested in any (but not exclusively) of the following securities/ instruments, as per the indicative asset allocation given under the heading “How will the Scheme allocate its assets”:

a. The Underlying Schemes for equity allocation would be Kotak 50 and/or Kotak Opportunities and/or Kotak Select Focus Fund and/or Kotak Midcap and/or Kotak Classic Equity and/or Kotak Emerging Equity and/or any other schemes of Kotak Mahindra Mutual Fund ‘having similar objectives, strategy and attributes, suitable for the scheme.
b. The Underlying Schemes for debt allocation would be Kotak Mahindra Bond Unit Scheme and/or Kotak Bond Short Term Plan and/or Kotak Flexi Debt and/or Kotak Floater Long Term and/or Kotak Liquid and/or Kotak Banking and PSU Debt Fund and/or Kotak Floater Short Term and/or Kotak Income Opportunities and/or any other schemes of Kotak Mahindra Mutual Fund ‘having similar objectives, strategy and attributes, suitable for the scheme.

c. Open ended liquid schemes of Kotak Mahindra Mutual Fund.

d. Reverse repos in such Government Securities as may be permitted by RBI

e. Collateralised Borrowings and Lending Obligation (CBLO).

f. Short Term Deposits of banks (both public and private sector) and development financial institutions to the extent permissible under SEBI Regulations.

g. Any other instruments / securities, which in the opinion of the fund manager would suit the investment objective of the scheme subject to compliance with extant Regulations.

Note: The scheme will invest in direct plans of underlying schemes.

E. What are the investment strategies?

The scheme will invest in specified open-ended diversified equity & debt schemes of Kotak Mahindra Mutual Fund, which is registered with SEBI.

The scheme would be adopting a dynamic asset allocation between the specified equity and debt mutual fund schemes.

The Underlying Schemes for equity allocation would be Kotak 50 and/or Kotak Opportunities and/or Kotak Select Focus Fund and/or Kotak Midcap and/or Kotak Classic Equity and/or Kotak Emerging Equity, and/or any other schemes of Kotak Mahindra Mutual Fund ‘having similar objectives, strategy and attributes, suitable for the scheme.

The Underlying Schemes for debt allocation would be Kotak Mahindra Bond Unit Scheme and/or Kotak Bond Short Term Plan and/or Kotak Flexi Debt and/or Kotak Floater Long Term and/or Kotak Liquid and/or Kotak Banking and PSU Debt Fund and/or Kotak Floater Short Term and/or Kotak Income Opportunities, and/or any other schemes of Kotak Mahindra Mutual Fund ‘having similar objectives, strategy and attributes, suitable for the scheme.

How will the scheme allocate between Equity & Debt?

The equity allocation would be based on a combination of 3 criteria’s viz. trailing PE ratio of CNX Nifty, Yield Gap Analysis & Momentum of CNX Nifty.

*Trailing PE ratio of Nifty:*

Price to Earnings ratio is an equity valuation multiple which tells how costly or cheap a stock or a basket of stocks is in comparison to its per share earnings. The scheme would increase or decrease allocation to equity depending on the trailing PE ratio of CNX Nifty which represents the broader equity market in India.

The investment committee reserves the right to use any other criteria for determining the allocation in case the CNX Nifty Index is suspended or becomes irrelevant for some reason or if the execution of the strategy is found to be not in the best interests of the investors due to changes in the regulatory environment.
**Yield Gap Analysis:**

Yield Gap is the ratio of yield on debt to earnings yield of equity. It compares the earnings potential of investing in equity vis-à-vis earnings potential in debt. For calculating the same we would use the below formula

\[
\text{Yield Gap} = \frac{\text{10 year G-Sec yield}}{\text{earnings yield of Nifty}}
\]

A lower ratio indicates that equity is relatively cheaper than debt and vice versa. Therefore the scheme would allocate more to equity when the ratio is lower and more to debt when the ratio is higher.

But during times of flat or inverted yield curve in debt markets, the scheme would use 1 year G-sec instead of 10 year to calculate the ratio.

**Momentum of CNX Nifty:**

Momentum assumes that the price of a certain asset class or security is more likely to move in the same direction than change its direction. This is based on the assumption that the stock market is not completely efficient and investors continue buying a particular asset or security for a certain period of time or vice versa. The scheme would observe various momentum indicators of CNX Nifty such as but not restricted to 200 day moving average & MACD (Moving Average Convergence Divergence) to arrive at a “Buy” or “Sell” signal on equity.

The scheme will use a combination of the above explained factors as per the flow-chart below:

**Yield Gap Allocation:**

<table>
<thead>
<tr>
<th>Yield Gap As per 1 Year G-sec</th>
<th>Yield Gap as per 10 Year G-sec</th>
<th>Allocation to Equity(%)</th>
<th>Allocation to Debt(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-0.8</td>
<td>0 – 1.2</td>
<td>70-100</td>
<td>0-30</td>
</tr>
<tr>
<td>0.8-1</td>
<td>1.2-1.4</td>
<td>50-70</td>
<td>30-50</td>
</tr>
<tr>
<td>1-1.2</td>
<td>1.4-1.6</td>
<td>30-50</td>
<td>50-70</td>
</tr>
<tr>
<td>1.2-1.4</td>
<td>1.6-1.8</td>
<td>0-30</td>
<td>70-100</td>
</tr>
</tbody>
</table>

Yield Gap As per 1 year Gsec would be used in flat or inverted yield curve conditions
PE Allocation Table:

<table>
<thead>
<tr>
<th>PE ratio of Nifty</th>
<th>Equity (%)</th>
<th>Debt (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 18</td>
<td>90-100</td>
<td>0-10</td>
</tr>
<tr>
<td>18-20</td>
<td>60-70</td>
<td>30-40</td>
</tr>
</tbody>
</table>

Modified PE Allocation Table:

<table>
<thead>
<tr>
<th>PE ratio of Nifty</th>
<th>Equity (%)</th>
<th>Debt (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 16</td>
<td>90-100</td>
<td>0-10</td>
</tr>
<tr>
<td>16-18</td>
<td>50-70</td>
<td>30-50</td>
</tr>
</tbody>
</table>

The exact allocation within the range would be dependent on the fund manager’s view of various factors such as the economy, business fundamental, valuation etc.

As per our analysis, no single factor is responsible for an efficient dynamic asset allocation strategy in different market conditions. A combination of factors such as PE, yield gap & momentum of the asset classes has the potential to create a more effective asset allocation strategy between equity & debt. Therefore the scheme would consider all three factors as per the above explained flow chart to decide on the level of allocation between equity & debt.

- Within Equity allocation, the fund manager would invest in any two or more equity schemes of Kotak Mahindra Mutual fund.
- Within Debt allocation, the fund manager would invest in any two or more debt schemes of Kotak Mahindra Mutual fund.

**Risk control measures for investment strategy**

The fund will comply with the prescribed SEBI limits on exposure. Risk is monitored and necessary action would be taken on the portfolio if required.

**Risk mitigation measures for portfolio volatility**

The fund invests in multiple schemes thereby ensuring greater diversification at the stock, sector and investment style level.

**Risk mitigation measures for managing liquidity**

Reasonable investments are made in money market instruments and / or money market mutual fund schemes for liquidity purposes.

**Portfolio Turnover**

Portfolio Turnover is defined as the aggregate of purchases and sales as a percentage of the corpus during the specified period of time.

**Portfolio Turnover Ratio: Nil**
Product Differentiation:

It is the only fund of funds scheme which dynamically allocates assets between debt & equity schemes based on 3 criteria’s viz. Trailing P/E Ratio of CNX Nifty, Yield Gap Analysis & Momentum of CNX Nifty

Investment objective and asset allocation of underlying schemes:

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Investment objective</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kotak 50</td>
<td>To generate capital appreciation from a portfolio of predominantly equity and equity related securities. The portfolio will generally comprise of equity and equity related instruments of around 50 companies which may go up to 59 companies. There is no assurance that the investment objective of the Scheme will be achieved.</td>
<td>The asset allocation under the Scheme, under normal circumstances, is as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Investments</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and equity related securities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Debt and Money Market Instruments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*Debt securities/instruments are deemed to include securitised debt and investment in securitised debt will not exceed 50% of debt portion of the Scheme. Note: The asset allocation shown above is indicative and may change for a short term on defensive considerations. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above.</td>
</tr>
<tr>
<td>Kotak Opportunities</td>
<td>The investment objective of the Scheme is to generate capital appreciation from a diversified portfolio of equity and equity related securities. There is no assurance that the investment objective of the Scheme will be achieved.</td>
<td>The asset allocation under the Scheme, under normal circumstances, will be as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Investments</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and Equity Related Securities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt and Money Market Securities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Scheme will not invest in securitised debts. Note: The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Manager, on defensive consideration. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above. If the exposure falls outside the above range, it will be restored within 7 Working Days.</td>
</tr>
</tbody>
</table>
**Kotak Select Focus Fund**
The investment objective of the scheme is to generate long-term capital appreciation from a portfolio of equity and equity related securities, generally focused on a few selected sectors.

There is no assurance that the investment objective of the Scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity related Securities</td>
<td>65% to 100%</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Debt &amp; Money Market Instruments *</td>
<td>0% to 35%</td>
<td>Low</td>
</tr>
</tbody>
</table>

*Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitized debts shall not exceed 50% of Debt and Money Market instruments. This will also include margin money for derivative transactions. The scheme may also invest in derivatives up to a maximum of 100% of the portfolio value.

From time to time the Scheme may hold cash for the following reasons:
- To meet the redemption requirements
- Due to lag in deal date and value date of acquiring an asset
- If in opinion of the Fund Manager it is in interest of unit holders to hold cash.

Note: The asset allocation shown above is indicative and may vary according to circumstances at the discretion of the Fund Manager, on defensive consideration. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above. If the exposure falls outside the above range, it will be restored within 30 days.

**Kotak Midcap**
The investment objective of the scheme is to generate capital appreciation from a diversified portfolio of equity and equity related securities.

There is no assurance that the investment objective of the Scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Equity and Equity related instruments</td>
<td>65% to 100%</td>
<td>High</td>
</tr>
<tr>
<td>A1</td>
<td>Midcap Stocks</td>
<td>65% to 100%</td>
<td>High</td>
</tr>
<tr>
<td>A2</td>
<td>Other than Midcap Stocks</td>
<td>0 to 35%</td>
<td>High</td>
</tr>
<tr>
<td>B</td>
<td>Debt and Money Market Securities</td>
<td>0 to 35%</td>
<td>Low</td>
</tr>
</tbody>
</table>

Note: The asset allocation (between asset classes A and B) shown above is indicative and may vary according to circumstances at the discretion of the Fund Manager, on defensive consideration. Review and rebalancing will be conducted when the asset allocation (between asset classes A and B) falls outside the range indicated above. If the exposure falls outside the above range, it will be restored within ten working days.
The asset allocation between A1 and A2 as indicated above shall be reviewed at the end of every calendar quarter and rebalancing, if required will be conducted within a month of review. The Scheme will not invest in securitised debt.

Kotak Classic Equity

The investment objective of the Scheme is to generate capital appreciation from a diversified portfolio of equity and equity related instruments.

There is no assurance that the investment objective of the Scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity related Securities</td>
<td>65% to 100%</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Debt and Money Market Securities*</td>
<td>0% to 35%</td>
<td>Low</td>
</tr>
</tbody>
</table>

* Debt securities/instruments are deemed to include securitised debt and investment in securitised debt will not exceed 50% of the debt portion.

Note: The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Manager, on defensive consideration. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above. If the exposure falls outside the above range, it will be restored within Seven Business Days.

Kotak Emerging Equity

The investment objective of the scheme is to generate long-term capital appreciation from a portfolio of equity and equity related securities, by investing predominantly in mid and small cap companies.

There is no assurance that the investment objective of the Scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity &amp; Equity related Securities Of which ➢ Mid and small cap companies ➢ Other Companies</td>
<td>65% to 100% 65% to 100% 0% to 35%</td>
<td>Medium to High Low</td>
</tr>
<tr>
<td>Debt &amp; Money Market Instruments *</td>
<td>0% to 35%</td>
<td>Low</td>
</tr>
</tbody>
</table>

The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Manager, on defensive consideration. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above. If the exposure falls outside the above range, it will be restored within 10 Business Days.

If permitted by SEBI under extant regulations/guidelines, the
scheme may also engage in stock lending, not exceeding 20% of the net assets of the Scheme, provided the minimum corpus of the scheme is Rs.100 Crore. Investments will be made in derivatives instruments up to 35% of the net assets of the Scheme.

* Debt instruments shall be deemed to include securitised debts and investment in such securitised debts shall not exceed 25% of the net assets of the scheme. The total investment value of equity, debt instruments and notional value of Investment in derivatives shall not exceed 100% of the net assets of the scheme.

From time to time the Scheme may hold cash.

For the purpose of determining market capitalisation, the scheme will follow the market capitalisation range as per BSE MIDCAP, or other such agency as may be designated by the AMC, at the end of every calendar quarter. Any stock which has a market capitalization above the highest market capitalisation in S&P BSE Midcap would be considered as Largecap, and any stock which has a market capitalisation below the lowest market capitalisation in S&P BSE Midcap would be considered as smallcap. The scheme will reset the allocation as per the new definition within 15 Business days from the receipt of such classifications.

Kotak Bond

To create a portfolio of debt instruments of different maturities so as to spread the risk across a wide maturity horizon and different kinds of issuers in the debt markets.

There is no assurance that the investment objective of the Scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, is as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Debt Instruments with maturity more than one year</td>
<td>25% to 100%</td>
<td>Medium</td>
</tr>
<tr>
<td>*Debt and Money Market instruments with maturity less than one year</td>
<td>10% to 100%</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

*Debt instruments are deemed to include securitised debt and investment in securitised debts shall not exceed 50% of the net assets of the Scheme.

Note: The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Manager, on defensive consideration or according to the interest rate view of the Fund Manager. Also, the composition may change due to purchases and redemption of Units or during adjustment of the average maturity of investments. Should the proportion of investments with maturity more than 1 year fall below 25%, the portfolio will be reviewed and rebalancing will be conducted within 10 working days.
The investment objective of the Scheme is to provide reasonable returns and high level of liquidity by investing in debt instruments such as bonds, debentures and Government securities; and money market instruments such as treasury bills, commercial papers, certificates of deposit, including repos in permitted securities of different maturities, so as to spread the risk across different kinds of issuers in the debt markets. The Scheme may invest in the call money/term money market in terms of RBI guidelines in this respect.

To reduce the risk of the portfolio, the Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI.

Subject to the maximum amount permitted from time to time, the Scheme may invest in offshore securities in the manner allowed by SEBI/RBI, provided such investments are in conformity with the investment objective of the Scheme and the prevailing guidelines and Regulations.

There is no assurance that the investment

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt and money market instruments with residual maturity upto 36 months *</td>
<td>80 to 100%</td>
<td>Low</td>
</tr>
<tr>
<td>Debt instruments with residual maturity between 36 months to 60 months* and Gsces</td>
<td>0 to 20%</td>
<td>Low to medium</td>
</tr>
</tbody>
</table>

* Debt instruments shall be deemed to include securitised debt and investment in securitised debts shall not exceed 50% of the net assets of the Scheme.

The Fund shall in normal circumstances have a modified duration not exceeding 36 months and is not likely to go below 12 months.

Portfolio Rebalancing:

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and only for defensive considerations. In case of any deviation, the AMC will achieve a normal asset allocation pattern within 30 days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.
The investment objective of the Scheme is to maximise returns through an active management of a portfolio of debt and money market securities.

There is no assurance that the investment objective of the Schemes will be realised.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Debt Instruments with maturity more than one year</td>
<td>0% to 95%</td>
<td>Medium</td>
</tr>
<tr>
<td>*Debt and Money Market Instruments with maturity less than one year</td>
<td>5% to 100%</td>
<td>Low To Medium</td>
</tr>
</tbody>
</table>

*Debt securities/instruments are deemed to include securitised debts and investment in securitised debts shall not exceed 50% of the net assets of the Scheme.

Note: The asset allocation shown above is indicative and would enable the Fund Manager to take position in the debt market depending upon the market conditions. In a conducive interest rate scenario and/or with a favourable market outlook, the Fund Manager would increase the allocation of debt securities with maturity more than one year; while in adverse interest rate scenario and/or unfavourable market outlook, the Fund Manager would increase the allocation of debt and money market instruments with maturity less than one year. The asset allocation may vary substantially depending upon the Fund Manager's view on the market and/or interest rate. Also, the composition may change due to purchases and redemption of Units or during adjustment of the average maturity of investments. Should the proportion of investments with maturity less than 1 year fall below 2%, the portfolio will be reviewed and rebalanced.

The investment objective of the Scheme is to generate returns through investments in debt and money market instruments with a view to reduce the interest rate risk.

However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Floating rate debt securities &amp;/or money market instruments, other debt securities</td>
<td>65 to 100%</td>
<td>Low</td>
</tr>
<tr>
<td>*Fixed rate debt securities</td>
<td>0 to 35%</td>
<td>Medium</td>
</tr>
</tbody>
</table>

*Debt securities/instruments are deemed to include securitised debts and investment in securitized debts shall not exceed 50% of the net assets of the Scheme.

The floating rate debt securities in the above table include floating rate debt securities and fixed rate debt securities with interest rate swap.

The Fund shall in normal circumstances have a modified
duration not exceeding 6 months.

Money market instruments will include repos / reverse repos or other instruments permitted by RBI.

Some of the investments may be in the call money market or in investments alternative to call money market. (as may evolve or be provided by RBI)

Pending deployment in terms of investment objective, the monies under the Scheme may be invested in short-term deposits of Scheduled Commercial Banks in terms of SEBI circular dated April 16, 2007, as may be amended from time to time.

**Portfolio Rebalancing:**

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and only for defensive considerations. In case of any deviation, the AMC will achieve a normal asset allocation pattern within 30 days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.

| Kotak Liquid | To provide reasonable returns and high level of liquidity by investing in Debt and money market instruments of different maturities so as to spread risk across different kinds of issuers in the Debt Markets There is no assurance that the investment objective of the Schemes will be realised. | The asset allocation under the Scheme, under normal circumstances, is as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Debt and money market instruments(including interbank call and repo)</td>
<td>100%</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

*Debt securities / instruments are deemed to include securitised debt and investment in securitised debt will not exceed 50% of the net assets of the Scheme.

Investments will be made in debt and money market securities with maturity of upto 91 days only.

| Kotak Banking and PSU Debt | To generate income by predominantly investing in debt & | The asset allocation under the Scheme, under normal circumstances, is as follows: |
Fund

money market securities issued by Banks & PSUs and Reverse repos in such securities, sovereign securities issued by the Central Government and State Governments, and / or any security unconditionally guaranteed by the Govt. of India.

There is no assurance or guarantee that the investment objective of the scheme will be achieved.

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt &amp; Money Market instruments issued by Banks &amp; PSUs</td>
<td>80% to 100%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Central Government and State government securities/ other instruments*</td>
<td>0% to 20%</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

* other instruments would include funds invested in inter-bank money market, CBLO, and repo (corporate bond/Gsec), or such other short term, overnight securities as may be permitted from time to time.

Note: The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Managers, on defensive consideration. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above within 10 working days.

Kotak Floater Short Term

To reduce the interest rate risk associated with investments in fixed rate instruments by investing predominantly in floating rate securities, money market instruments and using appropriate derivatives.

There is no assurance or guarantee that the investment objective of the scheme will be achieved.

The asset allocation under the Scheme, under normal circumstances, will be as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Floating rate debt securities and / or money market instruments, other debt securities with outstanding maturity of upto 91 days.</td>
<td>65 to 100%</td>
<td>Low</td>
</tr>
<tr>
<td>* Fixed rate debt securities</td>
<td>0 to 35%</td>
<td>Medium</td>
</tr>
</tbody>
</table>

*Debt securities / instruments are deemed to include securitised debts and investment in securitised debts shall not exceed 50% of the net assets of the Scheme.

The floating rate debt securities in the above table include floating rate debt securities and fixed rate debt securities with interest rate swap.

Money market instruments will include repos / reverse repos or other instruments permitted by RBI.

Some of the investments may be in the call money market or in investments alternative to call money market. (As may evolve or be provided by RBI)

The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Manager on defensive consideration. The composition may change due to purchases and redemption of units or during adjustment of the average maturity of investments.

When the allocation of floating rate debt securities &/or money
market securities, other debt securities with outstanding maturity of up to 91 days in the portfolio falls below 65% or the allocation of fixed rate debt securities goes above 35% a review and rebalancing will be conducted.

The asset allocation under the Scheme, under normal circumstances, is as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Indicative Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt, money market instruments &amp; government securities with maturity up to 1 year *</td>
<td>35% to 100%</td>
<td>Low</td>
</tr>
<tr>
<td>Debt, Money Market Instruments &amp; government securities with maturity greater than 1 year *</td>
<td>0% to 65%</td>
<td>Low – Medium</td>
</tr>
</tbody>
</table>

*Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts maybe up to 75% of the net assets of the Scheme.

The total investment value of debt instruments and Notional value of Investment in derivatives like, Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements, etc, if any, shall not exceed 100% of the net assets of the scheme.

Note:
The asset allocation if altered for short-term defensive consideration will be rebalanced within 30 days.

F. Fundamental attributes

Following are the fundamental attributes of the scheme, in terms of Regulation 18 (15A) of SEBI (MF) Regulations:

(i) Type of the scheme: As mentioned under the heading “Type of the Scheme”
(ii) Investment Objective: As mentioned under the heading “Investment Objective”
(iii) Investment Pattern: As mentioned under the heading “How will the scheme allocate its assets”
(iv) Terms of Issue:
   a. Liquidity provisions such as listing, repurchase, redemption. Investors may refer Chapter IV for detailed information on listing, repurchase and redemption.
   b. Aggregate fees and expenses charged to the scheme. Investors may refer Chapter V on fees and expenses charged to the scheme.
   c. Any safety net or guarantee provided – Not Applicable.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the
trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:
- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load

**G. How will the scheme benchmark its performance?**

The performance of Kotak Asset Allocator is benchmarked against the Crisil Balanced Fund Index

The composition of the aforesaid benchmark is such that it is most suited for comparing the performance of the scheme.

The Trustee reserves right to change benchmark in future for measuring performance of the scheme

**H. Who manages the scheme?**

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Qualification</th>
<th>Business Experience</th>
<th>Schemes Managed</th>
</tr>
</thead>
</table>
| Mr. Deepak Gupta   | 35   | Graduate in Commerce from Mumbai University. He is a qualified Chartered       | Mr. Deepak Gupta has 12 years of experience in the mutual fund industry and 10 years of experience in fund management related areas. | • Kotak Multi Asset Allocation Fund  
• Kotak Asset Allocator Fund  
• Kotak Sensex ETF  
• Kotak PSU Bank ETF  
• Kotak Nifty ETF  
• Kotak Banking ETF  
• Kotak NV 20 ETF  
• Kotak Global Emerging Market Fund (Dedicated fund manager for overseas investment)  
• Kotak World Gold Fund (Dedicated Fund Manager for overseas investment)  
• Kotak US Equity Fund (Dedicated Fund Manager for overseas investment)  
• Kotak Equity Savings Fund  
• Kotak Capital Protection Oriented Scheme Series 1, Series 2, Series 3 and Series 4  
• Kotak Classic Equity  
• Kotak Equity Arbitrage Fund |
|                   | Years|                                                                               |                                                                                      |                                                                                  |
The Scheme has been managed by Mr. Deepak Gupta since February 24, 2011.

I. What are the investment restrictions?

The following investment limitations and other restrictions, inter-alia, as contained in the Trust Deed and the Regulations apply to the Scheme:

a) No loans may be advanced by the Mutual Fund and the Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase, redemption of Units or payment of interest or dividends to Unitholders, provided the Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such borrowing shall not exceed a period of six months or as may be permitted by the Regulations from time to time.

b) The Fund shall buy and sell securities only against deliveries. In no case shall the Fund engage in short selling.

c) Pending deployment of the funds of the Scheme in terms of the investment objective, the Fund can invest the funds of the Scheme in short term deposits of scheduled commercial banks only to the extent and manner permitted under the guidelines given in SEBI Circular no. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007. The AMC shall not change any investment management and advisory fees for parking of funds in such short term deposits of scheduled commercial banks for the scheme.

d) Wherever investments are intended to be of a long-term nature, the securities shall be purchased or transferred in the name of the Fund, on account of the Scheme concerned.

e) The Scheme shall not invest in any other fund of funds scheme.

f) The Scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions, as disclosed in the SID.

Modifications, if any, in the Investment Restrictions on account of amendments to the Regulations shall supercede/override the provisions of the Trust Deed.

Additional investment restriction for the scheme:

In accordance with the investment Model of the scheme, the asset allocation of the Scheme will be as follows:

A. Equity Allocation:

1. The Scheme will primarily allocate its fund in the units of Kotak 50, and/or Kotak Opportunities and/or Kotak Select Focus and/or Kotak Midcap

2. In case the allocation of the Scheme reaches 22% of the net asset value of Kotak 50 and 22% of the net asset value of Kotak Opportunities and 22 % of the net asset value of Kotak Select Focus, and 22 % of the net asset value of Kotak Midcap then the Scheme will allocate the remaining funds in the units of Kotak Classic Equity and Kotak Emerging Equity in such a manner that allocation to these schemes do not exceed 22 % of the net asset value of each of the respective schemes.

3. In case allocation to each of the schemes (referred in point 1 and 2) reaches 22 % of the respective net asset value, then fresh subscription/switches into the Scheme would be suspended.

B. Debt Allocation:

1. The Scheme will primarily allocate its fund in the units of Kotak Bond and/or Kotak Bond Short Term and/or Kotak Flexi Debt and/or Kotak Floater Long Term and/or Kotak Liquid
2. In case the allocation of the Scheme reaches 22% of the net asset value of Kotak Bond and 22% of the net asset value of Kotak Bond Short Term and 22% of the net asset value of Kotak Flexi Debt, and/or 22% of the net asset value of Kotak Floater Long Term and/or 22% of the net asset value of Kotak Liquid then the Scheme will allocate the remaining funds in the units of Kotak Banking and PSU Debt Fund and Kotak Floater Short Term and Kotak Income Opportunities in such a manner that allocation to these schemes do not exceed 22% of the net asset value of each of the respective schemes.

3. In case allocation to each of the schemes (referred in point 1 and 2) reaches 22% of the respective net asset value, then fresh subscription/switches into the Scheme would be suspended.

**Investments by the AMC in the Fund**

The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

 Aggregate Investment by Fund Manager in the scheme is Nil.

 Aggregate Investment by the Kotak AMC’S Board of Directors in the scheme is Nil.

 Aggregate Investment by Key Managerial Person of Kotak AMC in the scheme is Nil.

**Scheme’s Portfolio Holdings and Sector wise fund allocation (As on May 31, 2017) –**

**1) Top 10 holdings by issuer**

<table>
<thead>
<tr>
<th>Top 10 Holdings Issuer Wise</th>
<th>Percentage to Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kotak Mahindra Mutual Fund</td>
<td>98.54</td>
</tr>
</tbody>
</table>

Link to the Scheme’s latest monthly portfolio holding: [http://www.assetmanagement.kotak.com](http://www.assetmanagement.kotak.com)

**2) Fund allocation Sector wise**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage to Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Fund Units</td>
<td>98.54</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>1.46</td>
</tr>
</tbody>
</table>
J. How has the scheme performed?

Performance of the scheme as on May 31, 2017

<table>
<thead>
<tr>
<th>Compounded Annualised Growth Returns (%)</th>
<th>Kotak Asset Allocator Fund - Regular Plan - Growth</th>
<th>CRISIL Balanced Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last 1 Year</td>
<td>16.13%</td>
<td>15.61%</td>
</tr>
<tr>
<td>Last 3 Years</td>
<td>14.34%</td>
<td>10.46%</td>
</tr>
<tr>
<td>Last 5 Years</td>
<td>18.36%</td>
<td>12.85%</td>
</tr>
<tr>
<td>Since Inception</td>
<td>16.86%</td>
<td>12.32%</td>
</tr>
</tbody>
</table>

Absolute Returns (%) for each financial year for the last 5 years:

Past performance may or may not be sustained in future.
IV. UNITS AND OFFER

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

A. Ongoing Offer Details

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>The ongoing offer of the scheme commenced from September 20, 2014.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing price for subscription (purchase)/switch-in</td>
<td>At the applicable NAV.</td>
</tr>
<tr>
<td>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</td>
<td>The redemption will be at Applicable NAV based prices, subject to applicable exit load; if any. As required under the Regulations, the Fund will ensure that the Redemption Price is not lower than 93% of the NAV and the Purchase Price is not higher than 107% of the NAV, provided that the difference between the Redemption Price and Purchase Price of the Units shall not exceed the permissible limit of 7% of the Purchase Price, as provided for under the Regulations.</td>
</tr>
<tr>
<td>Cut off timing for subscriptions/ redemptions/ switches</td>
<td>Applicable NAV for Purchases/ Switch-ins</td>
</tr>
</tbody>
</table>
| This is the time before which your application (complete in all respects) should reach the official points of acceptance. | a) For amounts greater than or equal to Rs. 2 lakhs:  
(i) In respect of valid applications received upto 3.00 p.m. on a business day and entire amount is available in the mutual fund’s account for utilization before the cut off time of the same day – closing NAV of the day of receipt of application;  
(ii) In respect of valid applications received after 3.00 p.m. on a business day and the entire amount is available in the mutual fund’s account for utilization before cut off time of the next business day – the closing NAV of the next business day;  
(iii) Irrespective of the time of receipt of the application |

Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be:  
\[ \text{Rs. } 10 \times (1 - 0.02) = \text{Rs. } 9.80 \]
where the entire amount is available in Mutual fund’s account for utilization before cut off time on any subsequent business day – units will be allotted at such subsequent business day’s NAV.

b) For amounts less than Rs. 2 lakhs:
   (i) In respect of valid applications received upto 3.00 p.m. with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the day of receipt of application;
   (ii) In respect of valid applications received after 3.00 p.m. with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the next business day.

Notes:
1. It is clarified that switches will be considered as redemption in the switch out scheme and purchase / subscription in the switch in scheme considering the value of the transactions.
2. Cheques received on a business day may be deposited with the primary bankers of the respective location on the next business day. NAV shall be as per the applicable NAV mentioned above. To enable early sighting of funds by the schemes, investors are requested to avail of electronic facilities like RTGS / NEFT in respect of subscriptions and submit the proof of transfer of funds alongwith their applications. AMC shall not be responsible for any delay on account of banking clearance or circumstances which are beyond the control of AMC.

Applicable NAV for Redemption/ Switch outs
   a) where the application received upto 3.00 pm – closing NAV of the day of receipt of application; and
   b) an application received after 3.00 pm – closing NAV of the next business day.

Further, where the AMC or the Registrar has provided a facility to the investors to redeem /switch-out of the Scheme through the medium of Internet by logging onto specific web-sites or any other facilities offered by the AMC and where investors have signed up for using these facilities, the Applicable NAVs will be as provided above.

Pursuant to AMFI circular no. 135/BP/35/2012-13 dated February 18, 2013, the following practice of aggregating split transactions is made applicable from March 4, 2013 and accordingly the closing NAV of the day on which the funds are available for utilization shall be applied where the aggregated amount of investments is Rs. 2 lacs and above as under:

a. All transactions received on the same day (as per Time stamp rule).
b. Transactions will include purchases, additional purchases, excluding Switches, SIP/STP and triggered transactions.

c. Aggregations will be done on the basis of investor/s PAN. In case of joint holding, transactions with similar holding structures will be aggregated.

d. All transactions will be aggregated where investors holding pattern is same as stated above, irrespective of whether the amount of the individual transaction is above or below Rs 2 lacs.

e. Only transactions in the same scheme will be clubbed. This will include transactions at option level (Dividend and Growth).

f. Transactions in the name of minor received through guardian will not be aggregated with the transaction in the name of same guardian.

Further, where the AMC or the Registrar has provided a facility to the investors to redeem /switch-out of the Scheme through the medium of Internet by logging onto specific web-sites or any other facilities offered by the AMC where investors have signed up for using these facilities, the cut-off timings will be as provided above.

**Where can the applications for purchase/redemption switches be submitted?**

Applications can be made either by way of a "Regular Application or Transaction slip" along with a cheque/DD or fund transfer instruction. The Fund may introduce other newer methods of application which will be notified as and when introduced. Investors should complete the Application Form and deliver it along with a cheque/draft (i.e. in case of "Regular Application") or fund transfer instructions at any of the official points of acceptance of transactions listed below,

First time investments can be made only by way of duly filled in application form.

(1) At the Official points of acceptance of transactions as given on the back cover of this document.
(2) For investments through switch transactions, transaction slip with application forms can be submitted at the AMC branches and CAMS Investor Service Centres & branches given in the last page.

**Plans**

Direct Plan: This Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.

Regular Plan: This Plan is for investors who wish to route their investment through any distributor.

The portfolio of both plans will be unsegregated.
All characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, risk factors, minimum investment amount, additional investment amount, availability of options including sub options, SIP/STP/SWP facilities offered and terms and conditions including load structure will be the same for Direct Plan and Regular Plan. except that

(a) Switch of investments from Regular Plan, where the transaction has been received with broker code (whether the investments were made before or after the January 1, 2013) to Direct Plan shall be subject to applicable exit load, if any.

(b) No exit load shall be levied:

(i) in case of switch of investment from Regular Plan, where transaction has been received without broker code (whether the investments were made before or after the January 1, 2013) to Direct Plan.

(ii) in case of switch of investments from Direct Plan to Regular Plan.

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid/charged under Direct Plan.

**Investments through systematic routes:**

In case of Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP), etc registered prior to the January 1, 2013 without any distributor code under the Regular Plan, installments falling on or after February 1, 2013 will automatically be processed under the Direct Plan. However, investors who intend to continue with their future installments in Regular Plan, may opt to do so by submitting a written request to AMC before February 1, 2013.

Investors who had registered for SIP/STP facility prior to January 1, 2013 with distributor code and wish to invest their future installments into the Direct Plan, shall make a written request to the Fund in this behalf. The Fund will take at least 15 days to process such requests. Intervening installments will continue in the Regular Plan.

The terms and conditions of the existing registered enrolment shall continue to apply.

**Redemption/Switch requests:** Where Units under a Scheme are held under both Direct Plan and Regular Plan, investors should clearly mention the plan from which redemption/switch requests are to be processed. If the investor does not mention the plan then the application may be rejected.

<table>
<thead>
<tr>
<th>Minimum application amount (Regular Plan and Direct Plan)</th>
<th>Minimum application amount for purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Initial Purchase (Non- SIP) - Rs. 5000 and in multiples of Rs 1 for purchases and for Re 0.01 for switches</td>
</tr>
<tr>
<td></td>
<td>• Additional Purchase (Non- SIP) - Rs. 1000 and in multiples of Rs. 1</td>
</tr>
</tbody>
</table>
**SIP Purchase**
- Rs.1000 (subject to a minimum of 6 SIP installments of Rs. 1000/- each)

**Minimum amount for redemption**
- In Rupees (Non- SWP/STP) - Rs. 1000/-
- In Units (Non- SWP/STP) - 100 units
- In Rupees ( Non – SWP/STP) – Rs. 1000/- or entire appreciation

**Minimum balance to be maintained and consequences of non-maintenance**
If the holding is less than Rs. 1000 or 100 units, after processing the redemption request, the entire amount/units will be redeemed from the Scheme.

In case of Units held in dematerialized mode, the redemption request can be given only in number of units and the provision pertaining to minimum repurchase amount / units and minimum balance shall not be applicable to such investors.

**Who can invest**
The following are eligible to apply for purchase of the Units:
- Resident Indian Adult Individuals, either singly or jointly (not exceeding three).
- Parents/Lawful guardians on behalf of Minors.
- Companies, corporate bodies, registered in India.
- Registered Societies and Co-operative Societies authorised to invest in such Units.
- Public sector undertakings, public/statutory corporations subject to general or specific permissions granted to them by the Central/State governments from time to time.
- Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds.
- Partner(s) of Partnership Firms.
- Association of Persons or Body of Individuals, whether incorporated or not.
- Hindu Undivided Families (HUFs).
- Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions.
- Non-Resident Indians/Persons of Indian origin resident abroad (NRIs) on full repatriation or non-repatriation basis.
- Other Mutual Funds registered with SEBI.
- Foreign Institutional Investors (FIIs) or sub-accounts of FII’s registered with SEBI.
- International Multilateral Agencies approved by the Government of India.
- Army/Navy/Air Force, Para-Military Units and other eligible institutions.
- Scientific and Industrial Research Organizations.
- Provident/Pension/Gratuity and such other Funds as and when permitted to invest.
- Public Financial Institution as defined under the
Companies Act 2013.
- Foreign Portfolio Investor
- Universities and Educational Institutions.
- Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustee, AMC or Sponsor, subscribe to the Units under the Scheme.

The list given above is indicative and the applicable law, if any, shall supersede the list.

Acceptance of Subscriptions from U.S. Persons and Residents of Canada w.e.f. November 17, 2016:

The Scheme shall not accept subscriptions from U.S. Persons and Residents of Canada, except where transaction request received from Non-resident Indian (NRIs) / Persons of Indian Origin (PIO) who at the time of investment are present in India and submit physical transaction request along with such declarations / documents as may be prescribed by Kotak Mahindra Asset Management Company Ltd and Kotak Mahindra Trustee Company Ltd.

The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC/ Trustee Company. The investor shall be responsible for complying with all the applicable laws for such investments.

The AMC reserves the right to put the transaction request on hold/reject the transaction request, or reverse the units allotted, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard.

The Trustee/AMC reserves the right to change/modify the provisions mentioned above at a later date.

How to Apply

Application form and Key Information Memorandum may be obtained from the offices of AMC or Investor Services Centers of the Registrar or distributors or downloaded from assetmanagement.kotak.com. Investors are also advised to refer to Statement of Additional Information before submitting the application form.

All cheques and drafts should be crossed "Account Payee Only" and drawn in favour as per below:

**Direct Plan:** Cheques should be drawn in favor of Kotak Asset Allocator Fund – Direct Plan

**Regular Plan:** Cheques should be drawn in favor of Kotak Asset Allocator Fund

Please refer to the SAI and Application form for the instructions.
Non acceptance of Third Party Cheques

Third Party Cheques will not be accepted by the Scheme.

Definition of Third Party Cheques

- Where payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment.
- In case of a payment from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made. If this criterion is not fulfilled, then this is also construed to be a third party payment.

However, afore-mentioned clause of investment with Third-Party Payment shall not be applicable for the below mentioned exceptional cases.

1) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP installment). However this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.

2) Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions. AMC shall exercise extra due diligence in terms of ensuring the authenticity of such arrangements from a fraud prevention and KYC perspectives.

3) Custodian on behalf of an FII or a client.

For pre funded instruments such as DD/Pay order it is the onus of the investor to provided adequate supporting documents to prove that such instruments are issued by debiting the first holders account.

Kotak Mahindra Asset Management Co. Ltd. / Trustee retains the sole and absolute discretion to reject/ not process application and refund subscription money if the subscription does not comply with the specified provisions of Payment Instruments.

Options Available

Growth and Dividend (Payout & Reinvestment)

Transaction Charges

Pursuant to SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, transaction charge per subscription of Rs. 10,000/- and above be allowed to be paid to the distributors of the Kotak Mahindra Mutual Fund products. The transaction charge shall be subject to the following:

(a) For existing investors (across mutual funds), the distributor shall be paid Rs. 100/- as transaction charge per subscription of Rs.10,000/- & above.

(b) For first time investors, (across Mutual Funds), the distributor may be paid Rs. 150/- as transaction charge for subscription of Rs.10,000/- & above.

(c) The transaction charge shall be deducted by Kotak AMC from
the subscription amount & paid to the distributor (will be subject to statutory levies, as applicable) & the balance amount shall be invested.

(d) In case of Systematic Investment Plan(s), the transaction charge shall be applicable only if the total commitment through SIPs amounts to Rs.10,000/- & above. In such cases the transaction charge shall be recovered in first 3/4 successful installments.

Identification of investors as "first time" or "existing" will be based on Permanent Account Number (PAN) at the First/ Sole Applicant/ Guardian level. Hence, Unit holders are urged to ensure that their PAN / KYC is updated with the Fund. Unit holders may approach any of the Official Points of Acceptances of the Fund i.e. Investor Service Centres (ISCs) of the Fund/ offices of our Registrar and Transfer Agent, M/s. Computer Age Management Services Pvt. Ltd in this regard.

The statement of accounts shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

**Transaction charges shall not be deducted/applicable for:**

1. Transaction other than purchases/subscriptions such as Switch/Systematic Transfer Plan (STP)/ Dividend Transfer Plan (DTP), etc.;
2. Purchases/Subscriptions made directly with the Fund without any ARN code.
3. Transactions carried out through the stock exchange platforms.

In accordance with the SEBI circular no. SEBI/IMD/CIR No. 4/168230/09, dated June 30, 2009, upfront commission to distributors shall be paid by the investor directly to the distributor by a separate cheque based on his assessment of various factors including the service rendered by the distributor. Further as per circular dated September 13, 2012, distributors shall now have the option to either opt in or opt out of charging transaction charge based on the type of product.

**Special Products available**

The Following facilities are available only under the Scheme

1. Systematic Investment Plan (SIP)
   - SIP Booster Facility
2. Systematic Transfer Plan (STP)
3. Systematic Withdrawal Plan (SWP)
4. Dividend Transfer Plan (DTP)
5. Switching

**Systematic Investment Plan (SIP):**

This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to "invest as you earn" and affords the investor an opportunity to enter the market
regularly, thus averaging the acquisition cost of Units. Any Unitholder can avail of this facility subject to certain terms and conditions contained in the Application Form. The Fundamental Attributes and other terms and conditions regarding purchase/redemption, price and related matters are the same as contained in this SID.

The first SIP can be for any date of the month on which a NAV is declared in the scheme. In respect of the second and all subsequent SIPs, investors can choose any one date among 1st, 7th, 10th, 14th, 15th, 21st, 25th, and 28th as the SIP Date (in case of these days fall on non-business day the transaction will be effected on the next business day of the scheme) and can also choose the SIP frequency as monthly or quarterly subject however, to the condition that there shall be a minimum gap of 28 days between the first and the second SIP. The aforesaid minimum gap shall be applicable only for SIPs registered via direct / auto debit. The minimum SIP installment amount is Rs. 1000/-

The SIP request should be for a minimum of 6 months / quarters. The SIP payments can be made either by issue of Post Dated Cheques or by availing the Auto Debit Facility through ECS (available in select locations only) or by availing the Direct Debit Facility / Standing Instructions Facility Unitholders may check with their bankers for availability of this facility) However, the first investment in SIP through the Auto Debit Facility or Direct Debit Facility needs to be made compulsorily by issuance of a cheque from the account from which the Auto Debit / Direct Debit is requested. Investors can also submit SIP applications along with cancelled cheque leaf of the account from where the investor intends to commence the SIP.

If the first SIP investment is through a demand draft or pay order or the initial investment cheque is drawn from a bank account, other than the bank account mentioned in the SIP mandate, the investor has to ensure that the bank details and signatures are attested by the banker of the bank from where the SIP is initiated. Alternatively the investors should provide a copy of the cancelled cheque leaf of the bank account from where the investor intends to do the SIP.

The load structure applicable for each installment will be as per the load structure applicable at the time of registration of SIP. Changes in load structure effected by the AMC after that date may not be applicable unless stated specifically.

**SIP Booster Facility:**

**Description:** It is a facility whereby an investor has an option to increase the amount of the SIP Installment by a fixed amount at pre-defined intervals. This will enhance the flexibility of the investor to invest higher amounts during the tenure of the SIP.
**Frequency:** Half Yearly Basis and Yearly Basis.

**Functionality of frequency:**
The installment amount can be increased on a Half-Yearly and/or Yearly basis i.e. on completion of 6 months/1 year from the commencement of the first SIP.

<table>
<thead>
<tr>
<th>SIP Frequency</th>
<th>SIP Booster Frequency</th>
<th>Default</th>
<th>Min Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>Half Yearly / Yearly</td>
<td>Yearly</td>
<td>Rs. 500 &amp; in multiples of Rs. 500 thereof</td>
</tr>
<tr>
<td>Quarterly</td>
<td>Half Yearly / Yearly</td>
<td>Yearly</td>
<td>Rs. 500 &amp; in multiples of Rs. 500 thereof</td>
</tr>
</tbody>
</table>

**Other Terms:**

a. SIP Booster Facility shall be available with fresh registration of SIP only. If an existing investor wants to opt for SIP Booster facility, the existing SIP is required to be cancelled and a fresh SIP investment with SIP Booster Facility is required to be submitted.

b. SIP Booster Facility will be available for all open-ended schemes of Kotak Mahindra Mutual Fund where SIP facility is being currently offered.

c. Investors opting for this facility, need to duly fill-in the SIP Booster Facility section of SIP Form along-with the other requisite SIP related information.

d. For complete details regarding the SIP with SIP Booster facility please refer to SIP Auto Debit Form with SIP booster facility.

e. All other terms & conditions applicable for regular SIP will also be applicable to SIP Booster SIP

**Illustration explaining the SIP Booster facility:**
- SIP period: 01-Jan-2014 to 01-Dec-2015 (2 years)
- Monthly SIP Amount: Rs 2000
- Top-up Amount Rs 1000
- Top-up frequency: Half-yearly

<table>
<thead>
<tr>
<th>Installment Period</th>
<th>From Date</th>
<th>To Date</th>
<th>Monthly SIP Amount</th>
<th>SIP Booster Amount</th>
<th>Final monthly SIP amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 6</td>
<td>01-Jan-14</td>
<td>01-Jun-14</td>
<td>2000</td>
<td>Not Applicable</td>
<td>2000</td>
</tr>
<tr>
<td>7 to 12</td>
<td>01-Jul-14</td>
<td>01-Dec-14</td>
<td>2000</td>
<td>1000</td>
<td>3000</td>
</tr>
<tr>
<td>13 to 18</td>
<td>01-Jan-15</td>
<td>01-Jun-15</td>
<td>3000</td>
<td>1000</td>
<td>4000</td>
</tr>
<tr>
<td>19 to 24</td>
<td>01-Jul-15</td>
<td>01-Dec-15</td>
<td>4000</td>
<td>1000</td>
<td>5000</td>
</tr>
</tbody>
</table>

**Note:** In the above table, Monthly SIP Installment Amount increases by SIP Booster amount of Rs 1,000 at half-yearly intervals.

The Trustee/AMC reserves the right to change/modify the provisions mentioned facility at a later date.

**Systematic Withdrawal Plan:**

This facility enables the Unitholders to withdraw (subject to deduction of tax at source, if any) sums from their investments in the Scheme at periodic intervals through a one-time request. The withdrawals can be made either Monthly (on 1st, 7th, 14th, 21st or 25th of every month) or Quarterly (on 1st, 7th, 14th, 21st or 25th, as the case may be). In case any of these days fall on non-business day the transaction will be effected on the next business day of the scheme. SWP registration needs to be submitted to the Registrar/AMC 7 days prior to the date of commencement of SWP. In case the SWP commencement date is less than 7 days from the date of submission of registration form and the date opted for, then the same would be registered for the next cycle. The AMC reserves the right to process the SWP registration request received for a period lesser than 7 days in the interest of unit holders.

Example: for Monthly SWP if the SWP date opted is 7th of every month from 7th January and submitted on 3rd January then the registration of this SWP will be from 7th February onwards.

This facility is available in two options to the Unitholders:

**Fixed Option:** Under this option, the Unitholder can seek redemption of a fixed amount of not less than Rs. 1000 from his Unit account. In this option the withdrawals will commence from the Start Date (being one of the dates indicated above) mentioned by the Unitholder in the Application Form for the facility. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought. If the net asset value of the units outstanding on the withdrawal date is insufficient to process the withdrawal request, then the entire outstanding units will be processed. And if the available balance falls below Rs 1000 after processing of the last SWP installment then the entire amount will be processed along the last SWP installment.

**Appreciation Option:** Under this option, the Unitholder can seek redemption of an amount equal to a periodic appreciation on the investment.

The Unitholder redeems only such number of Units, which when multiplied by the Applicable NAV is, in amount terms equal to the appreciation in his investment over the last month/quarter.

The investor would need to indicate in his systematic withdrawal request, the commencement/start date from which the
appreciation in investment value should be computed. The withdrawal will commence after one month/quarter (as requested by the investor) from the commencement/start date mentioned by the Unitholder in the Application Form and can, at the investor’s discretion be on 1st, 7th, 14th, 21st or 25th of the month/quarter.

The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought. In case the investor purchases additional Units, the withdrawal amount would include the appreciation generated on such Units as well. In the absence of any appreciation, the redemption under this option will not be made.

For both fixed and appreciation option the provision of minimum redemption amount/units will not be applicable for redemption made under this facility.

**Systematic Transfer Plan (STP)**

This facility enables the Unitholders to switch an amount from their existing investments in a Scheme/Plan/Option to another Scheme/Plan/Option of the Fund, which is available for investment at that time, at periodic intervals through a one-time request. The switch can be made weekly, monthly or quarterly. Under this facility the switch by the Unitholders should be within the same account/folio number. The withdrawals can be made either Weekly or Monthly or Quarterly (any business day). The amount so switched shall be reinvested in the other scheme/plan and accordingly, to be effective, the systematic transfer must comply with the redemption rules of the transferor scheme and the issue rules of the transferee scheme (e.g., exit/entry load etc).

STP registration needs to be submitted to the Registrar/AMC 7 days prior to the date of commencement of STP. In case the STP commencement date is less than 7 days from the date of submission of registration form and the date opted for, then the same would be registered for the next cycle. The AMC reserves the right to process the STP registration request received for a period lesser than 7 days in the interest of unit holders.

Example: for Monthly STP if the STP date opted is 7th of every month from 7th January and submitted on 3rd January then the registration of this STP will be from 7th February onwards.

This facility offers two options to the Unitholders:

**Fixed Option:** Under this option, the Unitholder can switch fixed amount of not less than Rs. 1000/- from his Unit account. In this option the switch will commence from the Start Date mentioned by the Unitholder in the application form for the facility. The Units in the Scheme/Plan/Option from which the switch-out is sought will be redeemed at the Applicable NAV of the Scheme/Plan/Option on the respective dates on which such
switches are sought and the new Units in the Scheme/Plan/Option to which the switch - in is sought will be created at the Applicable NAV of such Scheme/Plan/Option on the respective dates. If the net asset value of the units outstanding on the transfer date is insufficient to process the withdrawal request, then the entire outstanding units will be processed. And if the available balance falls below Rs 1000 after processing of the last STP installment, then the entire amount will be processed along the last STP installment.

**Appreciation Option:** Under this option, the Unitholder can seek switch of an amount equal to the periodic appreciation on the investment. Under this option the Unit holder switches only proportionate number of Units, which when multiplied by the applicable NAV is, in amount terms equal to the appreciation in the investment over the last month/quarter.

For both Fixed and appreciation option the provision of minimum redemption and minimum investment amount / units will not be applicable for transfer / switch transactions made under this facility for both switch out and switch in schemes.

The investor has to mention a "Start Date". The first switch will happen after one month/quarter from the start date. In case the investor purchases additional Units, the amount to be switched would be equal to the appreciation generated on such Units. In the absence of any appreciation as mentioned above, the switch under this option will not be made. The Units in the Scheme/Plan/Option from which the switch - out is sought will be redeemed at the Applicable NAV of the Scheme/Plan/Option on the respective dates on which such switches are sought and the new Units in the Scheme/Plan/Option to which the switch - in is sought will be allotted at the Applicable NAV of such Scheme/Plan/Option on the respective dates.

**Dividend Transfer Plan (DTP):**

Dividend Transfer Plan (DTP) is a facility whereby the unit holders under the Dividend Options (other than Daily Reinvestment Sub-option) of the open ended Schemes of KMMF can opt to transfer their dividends to any other Investment option (other than Daily Reinvestment Sub-option) under any other open ended schemes of KMMF. DTP facility will be available to unit holder(s) holding units in non-demat form under the Dividend Option of the Transferor Schemes.

Under the DTP facility investors cannot transfer their dividends into certain category of transferee schemes viz, close ended Schemes, Exchange Traded Funds (ETFs), and Kotak Tax Saver Scheme.
Under DTP, dividend as & when declared (as reduced by the amount of applicable statutory levy) in the transferor scheme (subject to minimum of Rs.500/-) will be automatically invested without any exit load into the transferee scheme, as opted by the Unit holder. Such transfer will be treated as fresh subscription in the transferee scheme and invested at the Applicable NAV of the Transferee Scheme. If the dividend amount in the Transferor Scheme is less than Rs.500/- the dividend will be automatically reinvested in the Transferor Scheme itself and hence will not be transferred. The provision for ‘Minimum Application Amount’ specified in the respective transferee scheme’s SID will not be applicable under DTP.

Enrolment under the DTP facility will automatically override any previous instructions for ‘Dividend Payout’ or ‘Dividend Reinvestment’ option in the transferor scheme. No Exit Load will be levied on units allotted in the Transferee Scheme under the Dividend Transfer Plan.

Unit holders who wish to enroll for the DTP facility are required to fill DTP Enrollment Form available with the ISC’s, distributors/agents and also available on the website assetmanagement.kotak.com

The request for enrolment or cancellation for DTP must be submitted at least 7 days prior to the Record Date for the dividend. In case of the condition not being met, the enrolment would be considered valid from the immediately succeeding Record Date of the dividend, provided the difference between the date of receipt of a valid application for enrolment under DTP and the next Record Date for the dividend is not less than 7 days.

The AMC / Trustee reserve the right to change/ modify the terms and conditions of the DTP on a prospective basis.

**Switching**

Unitholders of the Scheme have the option of switching out all or part of their investment in the Scheme/ Plan/ Option to any other Option of the Scheme or to any other Scheme / Plan/ Option of the Fund.

A switch has the effect of redemption from a Scheme/Plan/ Option and a purchase in the other Scheme/Plan/Option to which the switching has been done and all the terms and conditions pertaining to redemption and purchase of the Units of the respective Scheme shall apply to a switch, unless otherwise specified.

Switch is affected by redeeming Units from the Scheme/ Plan/Option and investing the net proceeds in the other Scheme/Plan/Option.
Accounts Statements

Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI Circular No. Cir/IMD/DF/16/ 2011 dated September 8, 2011 and SEBI Circular no. CIR/MRD/DP/31/2014 dated November 12, 2014; SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016, and SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016; the investor whose transaction has been accepted by Kotak Mahindra Asset Management Company Ltd. / Kotak Mahindra Mutual Fund shall receive the following:

1. The AMC shall send an allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number.

2. A consolidated account statement (CAS) for each calendar month on or before 10th of the succeeding month shall be sent by email (wherever investor has provided email id) or physical account statement where investor has not provided email id., across the schemes of the mutual funds, to all the investors in whose folio(s) transaction(s) has/have taken place during the month. The same shall be sent by the AMC or by the Agencies appointed by the AMC for non demat unit holders.

3. For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN).

4. The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN and email id. Such investors will get monthly account statement from Kotak Mahindra Mutual Fund in respect of transactions carried out in the schemes of Kotak Mahindra Mutual Fund during the month.

5. Pursuant to SEBI Circular no. CIR /MRD /DP /31/2014 dated November 12, 2014 requiring Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts, the following modifications are made to the existing guidelines on issuance of CAS

i. Such Investors shall receive a single Consolidated Account Statement (CAS) from the Depository.

ii. Consolidation shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding.

iii. In case an investor has multiple accounts across two depositories, the depository with whom the Demat account has been opened earlier will be the default depository which will consolidate the details across depositories and MF investments and dispatch the CAS to the investor.
iv. The CAS will be generated on monthly basis.

v. If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within ten days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts, then CAS with holding details shall be sent to the investor on half yearly basis.

vi. The dispatch of CAS by the depositories shall constitute compliance by Kotak AMC/ Kotak Mahindra Mutual Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996

vii. Further, a consolidated account statement shall be sent by Depositories every half yearly (September/March), on or before 10th day of succeeding month, providing the following information:

- holding at the end of the six month
- The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor’s total investments in each MF scheme. The term ‘commission’ here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as service tax (wherever applicable, as per existing rates), operating expenses, etc.
- The scheme’s average Total Expense Ratio (in percentage terms) for the half-year period for each scheme’s applicable plan (regular or direct or both) where the concerned investor has actually invested in.

6. Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

7. In case of a specific request is received from the investors, Kotak Mahindra Asset Management Company Ltd./ Kotak Mahindra Mutual Fund will provide the physical account statement to the investors.

8. In case of units held in demat, on allotment, confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically.

9. An Account Statement may be sent to a Unitholder using e-mail. Account Statements to be issued in lieu of Unit
Certificates under the Scheme are non-transferable. These Account Statements shall not be construed as proof of title and are only computer printed statements, indicating the details of transactions under the Scheme concerned.

10. Any discrepancy in the Account Statement / Unit Certificate should be brought to the notice of the Fund/AMC immediately. Contents of the Account Statement / Unit Certificate will be deemed to be correct if no error is reported within 30 days from the date of Account Statement / Unit Certificate.

**Half Yearly Account Statement:**

- Asset management company will send consolidated account statement every half yearly (September/ March), on or before tenth day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.

- The Account Statement shall reflect:
  - holding at the end of the six month
  - The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor’s total investments in each MF scheme. The term ‘commission’ here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as service tax (wherever applicable, as per existing rates), operating expenses, etc.
  - The scheme’s average Total Expense Ratio (in percentage terms) for the half-year period for each scheme’s applicable plan (regular or direct or both) where the concerned investor has actually invested in.
  - Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.
- Alternately, soft copy of the account statements shall be mailed to the investors’ e-mail address, instead of physical statement, if so mandated.

“Transaction” shall include purchase, redemption, switch,
<table>
<thead>
<tr>
<th>Dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dividend</strong></td>
</tr>
<tr>
<td>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</td>
</tr>
<tr>
<td>Dividend may also be paid to the Unitholder in any other manner viz., through ECS, Direct Credit or NEFT in to Bank account, RTGS facility offered RBI or through Banker's cheque, etc as the AMC may decide, from time to time for the smooth and efficient functioning of the Scheme.</td>
</tr>
<tr>
<td><strong>Choice of Option</strong></td>
</tr>
<tr>
<td>• If applicant does not indicate the choice of option between growth and dividend option in the application form then the fund will accept it as an application for growth option under respective plan.</td>
</tr>
<tr>
<td>• If applicant does not indicate the choice of dividend sub-option between dividend payout and dividend reinvestment then the fund will accept it as an application for dividend reinvestment.</td>
</tr>
<tr>
<td><strong>Redemption</strong></td>
</tr>
<tr>
<td>The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.</td>
</tr>
<tr>
<td>Redemption proceeds will be paid by cheques, marked &quot;Account Payee only&quot; and drawn in the name of the sole holder/first-named holder (as determine by the records of the Registrar). The Bank Name and No., as specified in the Registrar's records, will be mentioned in the cheque, which will be payable at the city of the bank branch of the Unitholder. If the Unitholder resides in any other city, he will be paid by a Demand Draft payable at the city of his bank branch.</td>
</tr>
<tr>
<td>Redemption cheques will generally be sent to the Unitholder's address, (or, if there is more than one joint holder, the address of the first-named holder) as per the Registrar's records, by courier.</td>
</tr>
<tr>
<td>Redemption proceeds may also be paid to the Unitholder in any other manner viz., through ECS, Direct Credit or NEFT in to Bank account, RTGS facility offered RBI or through Banker's cheque, etc as the AMC may decide, from time to time for the smooth and efficient functioning of the Scheme.</td>
</tr>
<tr>
<td><strong>Delay in payment of redemption / repurchase/dividend proceeds</strong></td>
</tr>
<tr>
<td>The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).</td>
</tr>
<tr>
<td><strong>Unclaimed Redemption/Dividend Amount</strong></td>
</tr>
</tbody>
</table>
| In accordance with No SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016, the unclaimed Redemption amount and Dividend amount may be deployed by the Mutual Fund in call money market or money market Instruments as well as in a separate plan or liquid scheme/money market mutual fund scheme floated by mutual funds. Investors who claim these amounts during a period of three years from the due date shall be paid
initial unclaimed amount along with the income earned on its deployment. Investors who claim these amounts after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. AMC shall play a proactive role in tracing the rightful owner of the unclaimed amounts considering the steps suggested by regulator vide the referred circular. Further, AMC shall not charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped at 50 bps.

| Bank A/c Details | As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form.  
In case an existing Unitholder is submitting a request for Change in his Bank Details, he needs to submit a copy of cancelled cheque leaf of the new bank account or Bank statement of the new bank account attested by his banker with seal & signature of banker or letter from the Banker of the investor. In absence of the same, the request for Change in Bank Mandate is liable to be rejected.  
Investors have an option of registering their bank accounts, by submitting the necessary forms & documents. At the time of redemption, investors can select the bank account to receive the amount. |

| The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same. | Not applicable |

| Restrictions, if any, on the right to freely retain or dispose of units being offered. | Units held by way of an Account Statement cannot be transferred. However, units which are held in demat form shall be freely transferable under the depository system. |

| Central KYC (CKYC) | The Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI, an independent body), to perform the function of Central KYC Records Registry including receiving, storing, safeguarding and retrieving KYC records in digital form.  
Accordingly, in line with SEBI circular nos. CIR/MIRSD/66/2016 dated July 21, 2016 and CIR/MIRSD/120/2016 dated November 10, 2016 on Operationalization of Central KYC (CKYC), read with AMFI Best Practice Guidelines circular no. 68/2016-17 dated December 22, 2016, new individual investors investing into the Fund are requested to note the following changes, with effect from February 1, 2017. |
1. New individual investors who have never done KYC under KRA (KYC Registration Agency) regime and whose KYC is not registered or verified in the KRA system, will be required to fill the new CKYC form while investing with the Fund.

2. If any new individual investor uses the old KRA KYC form which does not have all the information needed for registration with CKYC, such investor will be required to either fill the new CKYC form or provide the missing/additional information using the Supplementary CKYC form.

Investors who have already completed CKYC and have a KYC Identification Number (KIN) from the CKYC Registry can invest in schemes of the Fund quoting their 14 digit KIN in the application form. Further, in case the investor’s PAN is not updated in CKYC system, a self-certified copy of PAN Card will need to be provided.

<table>
<thead>
<tr>
<th><strong>Foreign Account Tax Compliance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>FATCA is an acronym for Foreign Account Tax Compliance Act (&quot;FATCA&quot;), a United States Federal law to increase compliance by US taxpayers and is intended to bolster efforts to prevent tax evasion by the US taxpayers with offshore investments. The Government of India and the United States of America (US) have reached an agreement in substance on the terms of an Inter-Governmental Agreement (IGA) and India is now treated as having an IGA in effect from April 11, 2014. The AMC/Fund is classified as a ‘Foreign Financial Institution’ (Investment Entity as per Annexure 1(i)) under the FATCA provisions. In accordance with FATCA provisions, the AMC/Mutual Fund will be required to undertake due diligence process and identify US reportable accounts and collect such information/documentary evidences of the US and/or non-US status of its investors/Unit holders and disclose such information (through its agents or service providers) as far as may be legally permitted about the holdings, investment returns and/or to US Internal Revenue Service (IRS) or the Indian Tax Authorities, as the case may be for the purpose of onward transmission to the IRS pursuant to the new reporting regime under FATCA.</td>
</tr>
</tbody>
</table>
### B. Periodic Disclosures

| **Net Asset Value** | The Mutual Fund shall update the Net asset value of the scheme on next business day on AMFI’s website [www.amfiindia.com](http://www.amfiindia.com) by 10.00 a.m.  
The NAVs shall also be updated on the website of the Mutual Fund [assetmanagement.kotak.com](http://www.amfiindia.com) and will be published in two newspapers having nationwide circulation on every business day.  
Delay in uploading of NAV beyond 10.00 a.m. on next business day shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following next business day due to any reason, a press release for revised NAV shall be issued.  
The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website [assetmanagement.kotak.com](http://www.amfiindia.com) on or before the tenth day of succeeding month. |
| **Half yearly Disclosures: Portfolio / Financial Results** | A complete statement of the portfolio of the Scheme will either be sent to all Unitholders, or published by way of an advertisement, before the expiry of one month from the close of each half year, that is the 31st of March and the 30th of September, in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The same will also be posted on the website [assetmanagement.kotak.com](http://www.amfiindia.com) |
| **Half Yearly Results** | The soft copy of unaudited financial results shall within one month from the close of each half year i.e. 31st of March and the 30th of September. be hosted on the website [assetmanagement.kotak.com](http://www.amfiindia.com) and will be sent to AMFI for posting on its website [www.amfiindia.com](http://www.amfiindia.com).  
Also an advertisement of hosting of the unaudited results shall be published in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. |
| **Annual Report** | Pursuant to SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, Annual report or Abridged Summary will be available on [assetmanagement.kotak.com](http://www.amfiindia.com) and shall be sent by way of email to the investor’s registered email address or Physical copies (If investor’s email address is not registered), not later than four months after the close of each financial year (March 31). The unit holders may request for a physical copy of scheme annual reports or abridged summary by writing to the Kotak Mahindra Asset Management Company Ltd./Investor Service Centre / Registrar & Transfer Agents. The unit holder can get physical |
copies of the above mentioned reports at the registered offices at all time. The annual report shall be displayed on assetmanagement.kotak.com.

<table>
<thead>
<tr>
<th>Associate Transactions</th>
<th>Please refer to Statement of Additional Information (SAI).</th>
</tr>
</thead>
</table>

**Taxation:**

The information is provided for general information purposes only. However, in view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with respect to the specific tax implications arising out of his or her participation in the scheme.

(For Debt Schemes)

<table>
<thead>
<tr>
<th>Applicable tax rates (Refer Notes) based on prevailing tax laws</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit holder</strong></td>
</tr>
<tr>
<td>Dividend distributed by the Mutual Fund</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Short Term Capital Gain (Refer</td>
</tr>
</tbody>
</table>
| Note: The amount of distributed income referred above shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified, be equal to the amount of income distributed by the Mutual Fund.
<table>
<thead>
<tr>
<th>Note (1) below</th>
<th>Rates applicable to the assessee under the Indian Income-tax laws</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Capital Gain (Refer note 1 below)</td>
<td>20% with indexation</td>
<td>10% (without indexation &amp; without foreign currency fluctuation benefit)</td>
</tr>
</tbody>
</table>

Note (1) : The above rates would be increased by a surcharge of:

- In case of resident domestic corporate unit holders;
  - 7% where the total income exceeds Rs. 10,000,000 but less than / equal to Rs. 100,000,000 or
  - 12% where the total income exceeds Rs. 100,000,000

- In case of FII & foreign companies;
  - 2% where the total income exceeds Rs. 10,000,000 but less than / equal to Rs. 100,000,000
  - 5% where the total income exceeds Rs. 100,000,000

- In case of resident & non-resident non-corporate unit holders being individual, HUF, AOP, BOI and artificial juridical person;
  - 10% where the total income exceeds Rs. 5,000,000 but less than / equal to Rs. 10,000,000
  - 15% where the total income exceeds Rs. 10,000,000

- In case of non-corporate unit holders being partnership firms covered under Indian Partnership Act, 1932 / Limited liability partnership covered under Limited
Liability Partnership Act, 2008:
- 12% where the total income exceeds Rs.10,000,000

Further, an additional surcharge of 3% (Education cess of 2% and Secondary & Higher education cess of 1%) would be charged on the amount of tax inclusive of surcharge as applicable, for all unit holders.

Note (2): The expression ‘Infrastructure debt fund’ has been defined in clause 1 of regulation 49 L of the Securities and Exchange Board of India (Mutual Fund) regulations 1996. As per clause 1 of Regulation 49 L, an infrastructure debt fund scheme means a mutual fund scheme, that invests primarily (minimum 90% of scheme assets) in debt securities or securitized debt instrument of infrastructure companies or infrastructure capital companies or infrastructure projects or special purpose vehicles which are created for the purpose of facilitating or promoting investment in infrastructure, and other permissible assets in accordance with these regulations or bank loans in respect of completed and revenue generating projects of infrastructure companies or projects or special purpose vehicles.

Note 3) : Long-term capital gains in case of non-residents (other than FII) would be taxable @ 10% on transfer of capital assets, being unlisted securities, computed without giving effect to first and second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit. In case of listed securities being units of Mutual Fund, the tax payable would be @ 20% after indexation benefit.

Long term capital gains in the case of FIIs would be taxable @10% on transfer of capital assets being securities (listed or unlisted) without giving effect to the first and second proviso to section 48 i.e. without taking the benefit of foreign currency fluctuation and without indexation.

Under section 10(23D) of the Income tax Act, 1961, income earned by a Mutual Fund registered with SEBI is exempt from income tax.

Since the aforesaid schemes do not qualify as an equity oriented fund, no Securities Transaction tax is payable by the unit holders on redemption / repurchase of units by the Fund.

For further details on taxation please refer to the clause on taxation in the SAI.
C. Computation of NAV

The NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date.

The Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

NAV of Units under the Scheme will be calculated as shown below:

\[
\text{NAV} = \frac{\text{Market or Fair Value of Scheme’s investments} + \text{Current assets including Accrued Income} - \text{Current Liabilities and provisions including accrued expenses}}{\text{No. of Units outstanding under the Scheme/Option.}}
\]

NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Business Day. The NAV shall be computed upto three decimals.

Computation of NAV will be done after taking into account dividends paid, if any, and the distribution tax thereon, if applicable. Therefore, once dividends are distributed under the Dividend Option, the NAV of the Units under the Dividend Option would always remain lower than the NAV of the Units issued under the Growth Option. The income earned and the profits realized in respect of the Units issued under the Growth Option remain invested and are reflected in the NAV of the Units.
IV. FEES AND EXPENSES

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

A. New Fund Offer (NFO) Expenses

This is an ongoing scheme on the date of updating this document.

B. Total Expense Ratio (TER)

Total Expense Ratio is the total of ongoing fees and operating expenses charged to the scheme, expressed as a percentage of the scheme’s daily net assets.

These fees and expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents’ fee, brokerage/commission, marketing and selling costs etc.

The total expenses of the scheme including weighted average of charges levied by the underlying schemes shall not exceed 2.50% of the daily net assets of the scheme.

Total Expense Ratio for the Scheme

The AMC has estimated the above given recurring expenses, for the scheme. Total expense ratio of the Scheme (including investment and advisory fees) will be subject to the maximum limits (as a percentage of Daily Net Assets of the Scheme) as per Regulation 52(6) & (6A), as amended from time to time, with no sub-limit on investment and advisory fees.

<table>
<thead>
<tr>
<th>Expenses Structure</th>
<th>% of daily Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management and Advisory Fees</td>
<td>Upto 2.50%</td>
</tr>
<tr>
<td>Trustee fee</td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td></td>
</tr>
<tr>
<td>Custodian fees</td>
<td></td>
</tr>
<tr>
<td>RTA Fees</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Selling expense incl. agent commission</td>
<td></td>
</tr>
<tr>
<td>Cost related to investor communications</td>
<td></td>
</tr>
<tr>
<td>Cost of fund transfer from location to location</td>
<td></td>
</tr>
<tr>
<td>Cost of providing account statements and dividend redemption cheques and warrants</td>
<td></td>
</tr>
<tr>
<td>Costs of statutory Advertisements</td>
<td></td>
</tr>
<tr>
<td>Cost towards investor education &amp; awareness (at least 2 bps)</td>
<td></td>
</tr>
<tr>
<td>Brokerage &amp; transaction cost over and above 12 bps for cash market trades</td>
<td></td>
</tr>
<tr>
<td>Service tax on expenses other than investment and advisory fees</td>
<td></td>
</tr>
<tr>
<td>Service tax on brokerage and transaction cost</td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td></td>
</tr>
<tr>
<td><strong>Maximum total expense ratio (TER) permissible under Regulation 52 (6)(c) (i) and (6) (a)</strong></td>
<td><strong>upto 2.50%</strong></td>
</tr>
<tr>
<td>Additional expenses under regulation 52 (6A) (c)</td>
<td>Upto 0.20%</td>
</tr>
<tr>
<td>Additional expenses for gross new inflows from specified cities</td>
<td>Upto 0.30%</td>
</tr>
</tbody>
</table>

The total expenses of the scheme including weighted average of charges levied by the underlying schemes shall not exceed 2.50% of the daily net assets of the Scheme.
Expense Structure for Direct Plan - The annual recurring expenses will be within the limits specified under the SEBI (Mutual Funds) Regulations, 1996.

At least 10% of the TER is charged towards distribution expenses/commission in the Regular Plan. The TER of the Direct Plan of the Kotak Asset Allocator will be lower to the extent of the abovementioned distribution expenses/commission (at least 10%) which is charged in the Regular Plan.

Illustration of impact of expense ratio on scheme return:

| Assumed 1 year Simple Average Return of the Scheme before expenses | 15% |
| Assumed Average TER Expense of the scheme for the year (%) | 2% |
| Average Return after charging the expense | 13% |

Illustration is given to understand the impact of expense ratio on a scheme return and this should not be construed as an indicative return of the scheme.

Expense Ratio of underlying Scheme:

<table>
<thead>
<tr>
<th>Underlying Scheme Name $:</th>
<th>Underlying Scheme Expenses $</th>
<th>Scheme Expenses for the scheme *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kotak Bond</td>
<td>1.37</td>
<td>-</td>
</tr>
<tr>
<td>Kotak Select Focus</td>
<td>1.74</td>
<td>-</td>
</tr>
<tr>
<td>Kotak Treasury Advantage</td>
<td>0.35</td>
<td>-</td>
</tr>
<tr>
<td>Kotak Liquid Scheme</td>
<td>0.04</td>
<td>-</td>
</tr>
<tr>
<td>Scheme Name: Kotak Asset Allocator Fund</td>
<td>-</td>
<td>1.68</td>
</tr>
</tbody>
</table>

*The scheme expenses charged are net of the underlying scheme expenses and also includes service tax on management fees.

$ In case of underlying scheme expenses of Equity Fund of Fund scheme the scheme expense rates are inclusive of service tax on management fees.

Additional expenses which may be charged to the Scheme:

The following additional expenses may be charged to the Schemes under Regulation 52 (6A), namely-

- Brokerage and transaction costs (including service tax) which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions. Any payment towards brokerage and transaction cost, over and above the said 12 bps for cash market transactions may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52. Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost, if any) shall be borne by the AMC.

- Expenses not exceeding of 0.30 % of daily net assets, if the new inflows from beyond top 15 cities are at least:
  (i) 30 % of gross new inflows in the scheme; or
  (ii) 15 % of the average assets under management (year to date) of the scheme; whichever is higher.
Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.
Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities.
Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

- Additional expenses upto 0.20% of daily net assets of the schemes, incurred towards different heads mentioned under Regulation 52 (2) and 52 (4).

- **Service Tax:**

Service Tax on investment and advisory fees may be charged to the scheme in addition to the maximum limit of TER as prescribed in Regulation 52(6)(c). Service tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per Regulation 52.

The estimates are based on an amount of Rs. 100 crores for the Scheme and will change to the extent assets are lower or higher.

The aforesaid estimates are made in good faith by the Investment Manager and are subject to change inter se among the various heads of expenses and between the Plans. It may also be noted that the total expenses of the Plans will also be subject to change within the overall limits of expenses under Regulation 52. Actual expenses under any head and / or the total expenses may be more or less than the estimates. The Investment Manager retains the right to charge the actual expenses to the Fund, however the expenses charged will not exceed the statutory limit prescribed by the Regulations. Any expenditure in excess of the limits specified in Regulation 52 shall be borne by the AMC. The differential portion of expenses if any, post charging of actual expenses will be adjusted in the investment management fee charged by the investment manager. There will be no sub limit on management fee, and it shall be within the overall TER specified above.

For the actual current expenses being charged, the investor may refer to the website of the mutual fund.

**C. Load structure**

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of assetmanagement.kotak.com or may call at 1800-22-2626 or your distributor.

**Entry Load**

In terms of SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.

**Exit Load**

- 1% if exit before 1 year from date of allotment
- Nil if exit after 1 year from the date of allotment
- Exit Load shall be applicable incase of switch from Regular Plan (where broker code is mentioned) to Direct Plan
Exit Load shall not be applicable:

- Incase of switch from Regular Plan (where no broker code is mentioned) to Direct Plan
- In case of switch from Direct Plan to Regular Plan.

Any exit load charged (net off Service Tax, if any) shall be credited back to the Scheme.

Units issued on reinvestment of dividends shall not be subject to entry and exit load.

** Any imposition or enhancement of Load in future shall be applicable on prospective investments only. A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated. In case of changes in load structure the addendum carrying the latest applicable load structure shall be attached to all KIM and SID already in stock till it is updated.

Investors may obtain information on loads on any Business Day by calling the office of the AMC or any of the Investor Service Centers. Information on applicability of loads will also be provided in the Account Statement.

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

For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.
V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

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

<table>
<thead>
<tr>
<th>SEBI Requirements</th>
<th>Response</th>
</tr>
</thead>
</table>
| Details of all monetary penalties imposed and/or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. | • During the financial year 2013-14, RBI has imposed a penalty of Rs 3.50 lacs for bouncing of SGL deal in Kotak Bond and Kotak Gilt Investment scheme. The same has been borne by KMAMC. The amount of penalty has been paid on November 12, 2013.  
• RBI has imposed a penalty of Rs. 15 lakhs in April 2011, in respect of foreign exchange derivative transactions done by KMBL with certain corporate during the period 2007-08. The amount of penalty has been paid on May 5, 2011.  
• RBI on the basis of the scrutiny carried out, had levied a penalty on KMBL a sum of Rs. 1.501 crores on account of non-adherence to certain aspects of KYC and AML guidelines. KMBL has taken necessary corrective steps in this respect. The amount of penalty has been paid July 25, 2013.  
• RBI has imposed a penalty of Rs. 10 lakh on Kotak Bank in July 2014 in the matter of loan and current accounts scrutiny of Deccan Chronicle Holding Ltd. The amount of penalty has been paid on August 5, 2014.  
• There was an instance of bouncing of SGL on April 13, 2016 for Rs. 9141.25 lacs due to non-updating of security sold in CROMS system. Bank had explained to RBI the circumstances leading to the shortfall. RBI, after perusing the explanation given by the Bank imposed a penalty of Rs.5 lacs on KMBL vide its letter dated May 12, 2016.  
• In a solitary case Bank had obtained RBI approval for netting off transactions relating import/export of services and settle the net amount of the receivables/payables with the overseas counterparty on behalf of the client |
subject to adhering to certain terms and conditions as prescribed which inter-alia included a condition that the Bank as an AD should report the transactions on gross basis in R Returns. The Bank had adhered to all conditions of the approval except that the reporting of the transaction was inadvertently done on net basis instead of gross basis. The said deviation was a pure operational error RBI vide its letter dated April 13, 2017 imposed a penalty of Rs.10000/- on Kotak Mahindra Bank in exercise of powers conferred under Section 11 (3) of FEMA 1999. Post identification of the issue Bank has put in adequate control measures to ensure that such instances do not recur in future.

| Details of all enforcement actions taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel (especially the fund managers) of the AMC and Trustee Company were/are a party | NIL |
| Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel are a party | NIL |
| Any deficiency in the systems and operations of the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency | NIL |

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

Note: The Scheme under this Scheme information Document was approved by the Trustee at its meeting held on April 25, 2013.