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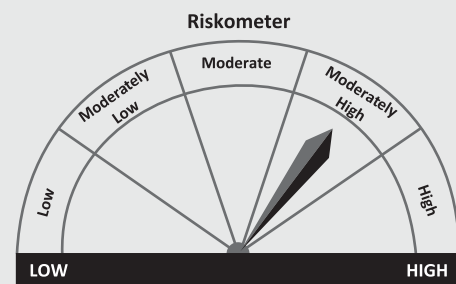
## SCHEME INFORMATION DOCUMENT (SID)

### KOTAK SENSEX ETF

{An Open Ended Exchange Traded Fund}  
Continuous Offer of Units at NAV based prices

**Kotak Sensex ETF is suitable for investors who are seeking\***

- Long term capital growth
- Investment in stocks comprising the underlying index and endeavours to track the benchmark index



Investors understand that their principal will be at moderately high risk

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

**Scheme reopened on June 16, 2008**

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

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](http://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.

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

This Scheme Information Document is dated June 27, 2016.

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Pursuant to provisions of Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS) notified by the Ministry of Finance, Government of India, vide notification no. 51/2012 [F.No. 142/35/2012-TPL] dated November 23, 2012, SEBI circular no CIR/MRD/DP/32/2012 dated December 6, 2012 **and Mutual Fund notice dated January 11, 2013 Kotak Sensex ETF is an** eligible scheme under Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS)

#### **ABOUT RAJIV GANDHI EQUITY SAVINGS SCHEME (RGESS)**

The Finance Act 2012 introduced a new section 80CCG on 'Deduction in respect of investment made under equity savings scheme' as notified by the Central Government to give tax benefits to 'New Retail Investors' who invest up to Rs. 50,000 and whose gross total annual income is less than or equal to Rs. 12 lakhs (w.e.f. from April 1, 2014 prior to that total income shall not exceed Rs. 10 lacs). Accordingly, the Ministry of Finance approved a new tax savings scheme called as Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS) vide Notification no. 51/2012 F. No. 142/35/2012-TPL dated November 23, 2012.

Consequently, SEBI issued a Circular no. CIR/MRD/DP/32/2012 dated December 06, 2012 directed inter-alia Mutual Funds to take a note of RGESS notification and take necessary steps to implement the RGESS.

Salient features of the RGESS are as under:

1. RGESS is open to New Retail Investors, identified on the basis of their PAN. This includes those who have opened the Demat Account but have not made any transaction in equity and /or in derivatives till the date of notification of RGESS and all those account holders other than the first account holder who wish to open a fresh account.
2. The Depository shall certify the New Retail Investor status of the investor at the time of designating his demat account as demat account for the purpose of the Scheme.
3. The maximum Investment permissible for claiming deduction under RGESS is Rs. 50,000 and the investor would get a 50% deduction of the amount invested from the taxable income for that year.
4. Amongst the universe of Eligible Securities that a New Retail Investors need to invest, the Units of Exchange Traded Funds (ETFs) or Mutual Fund (MF) that have RGESS Eligible Securities as their underlying and are listed and traded in the stock exchanges and settled through a depository mechanism have also been brought under RGESS.
5. To benefit the investors, the investments are allowed to be made in installments in the year in which tax claims are made.
6. The Eligible Securities brought into the demat account, as declared or designated by the New Retail Investor, will automatically be subject to lock-in during its first year unless the New Retail Investor submits a declaration (within one month from the date of transaction) in the prescribed format to the Depository Participant indicating that such securities are not to be included within the above limit of investment for claiming tax deduction.
7. The total lock-in period for investments under the RGESS would be three years including an initial blanket lock-in period of one year, commencing from the date of last purchase of securities under RGESS.
8. After the first year, investors would be allowed to trade in the securities. Investors would, however, be required to maintain their level of investment during the next two years at the amount

for which they have claimed income tax benefit or at the value of the portfolio before initiating a sale transaction, whichever is less, for at least 270 days in a year.

9. The calculation of 270 days includes those days pursuant to the day on which the market value of the residual shares / Units has automatically touched the stipulated value after the date of debit.
10. The general principle under which trading is allowed is that whatever is the value of stocks / Units sold by the investor from the RGESS portfolio, RGESS compliant securities of at least the same value are credited back into the account subsequently. However, the investor is allowed to take benefits of the appreciation of his RGESS portfolio, provided its value, as on the previous day of trading, remains above the investment for which they have claimed income tax benefit.
11. The Depository Participant shall furnish an annual statement of the Eligible Securities invested in or traded through the demat account to the investor (demat account holder).
12. In case the investor fails to meet the conditions stipulated under RGESS and the provisions laid under Section 80CCG of the Income-tax Act, 1961, the tax benefit will be withdrawn.

For complete details, investors are requested to read section 80CCG of the Income-tax Act, 1961 and the notification on Rajiv Gandhi Equity Savings Scheme, 2012 issued by Ministry of Finance.

## I. HIGHLIGHTS/SUMMARY OF THE SCHEME

<b>Investment Objective</b>	<p>The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of the S &amp; P BSE SENSEX subject to tracking errors.</p> <p>However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.</p>
<b>Type of Scheme</b>	An Open ended Exchange Traded Fund
<b>Liquidity</b>	<p>All investors including Authorized Participant(s), Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all the trading days of the stock exchange.</p> <p>Mutual fund will repurchase units from Authorized Participant(s) and Large Investors on any business day provided the value of units offered for repurchase is not less than creation unit size. The redemption consideration shall normally be the basket of securities represented by S &amp; P BSE Sensex in the same weightage as in the Index and cash component.</p>
<b>Benchmark</b>	S & P BSE Sensex
<b>NAV Information</b>	<p>The Kotak Sensex ETF units are listed on BSE and all purchase and sale of units by investors other than Authorized Participants and Large Investors will be done on the stock exchange. The NAV has a reference value for investors and will be useful for Authorized Participants for offering quotes on the Stock Exchange.</p> <p>The Mutual Fund shall update the Net asset value of the scheme on every Business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 9.00 p.m.</p> <p>The NAVs shall also be updated on the website of the Mutual Fund <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a> and will be published in two newspapers having nationwide circulation on every business day.</p> <p>The NAV shall also be communicated to the recognized Stock Exchange where, the units are listed.</p> <p>The AMC may also calculate intra-day indicative NAV (computed based on snapshot prices received from BSE) and will be updated during the market hours on its website <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a>. Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</p> <p>Delay in uploading of NAV beyond 9.00 p.m. on every 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 business day due to any reason, a press release for revised NAV shall be issued.</p> <p>For Purchase/ Redemption directly from the fund on any business day:</p> <ol style="list-style-type: none"> <li>upto 3.00 p.m. on a business day, the NAV of such business day.</li> <li>After 3.00 p.m. on a business day, the NAV of the following business day.</li> </ol> <p>The monthly portfolio of the Scheme shall be available in a user-friendly and downloadable format on the website viz. <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a>. on or before the tenth day of succeeding month.</p>

<b>Listing</b>	The units of the Scheme are listed on BSE. The AMC reserves the right to list the units on other exchanges.
<b>Loads</b>	<p><b>Entry Load: Nil</b> 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.</p> <p><b>Exit Load: Nil</b></p> <p>Units issued on reinvestment of dividends shall not be subject to entry and exit load.</p> <p><b>Any exit load charged (net off Service Tax, if any) shall be credited back to the Scheme.</b></p>
<b>Sale of Units by Mutual Fund</b>	<p>Ongoing basis:</p> <ol style="list-style-type: none"> <li>Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund at applicable NAV, and transaction charges by depositing basket of securities comprising S &amp; P BSE Sensex</li> <li>The units are listed on BSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day.</li> <li>The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market..</li> <li>The AMC reserves the right to list the units of the scheme on any other exchange, in future</li> </ol>
<b>Face Value of units</b>	The face value of each unit will be Rs. 10 per unit. On allotment value of each unit will be approximately equal to 1/100th of the value of S & P BSE Sensex.
<b>Creation unit size</b>	<p>Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 10,000 units of the Scheme.</p> <p>For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component. The Portfolio Deposit and Cash Component will change from time to time.</p> <p>The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's internet site.</p>
<b>Transaction handling charges</b>	Transaction handling charges include brokerage, depository participant charges, uploading charges and such other charges that the mutual fund may have to incur in the course of accepting the portfolio deposit or for giving a portfolio of securities as consideration for a redemption request. Such transaction handling charges shall be recoverable from the transacting authorised participant or large investor.
<b>Cost of trading on the stock exchange</b>	Investor will have to bear the cost of brokerage and other applicable statutory levies eg, Securities Transaction Tax, etc when the units are bought or sold on the stock exchange.

<b>Dematerialisation</b>	<ol style="list-style-type: none"><li>1. Units of the Scheme will be available in Dematerialized (electronic) form only.</li><li>2. The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.</li><li>3. Units of the Schemes will be issued, traded and settled compulsorily in dematerialized form.</li></ol>
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## **II. INTRODUCTION**

### **AN INTRODUCTION TO EXCHANGE TRADED FUND (ETF) AND INDEX FUNDS**

Exchange-traded funds are a relatively recent innovation to the investment company concepts, with the first ETF introduced in 1993 in the USA. However, ETFs – number of ETFs and assets under management of ETFs have grown dramatically in the last one and a half decades.

ETFs are registered investment companies, most of which seek to mirror the return of a particular market index, such as the S&P 500. Investopedia describes ETF as a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange, thus experiencing price changes throughout the day as it is bought and sold. An investor, by owning an ETF gets the diversification of an index fund as well as the ability to sell short, buy on margin and purchase as little as one share. The ETFs can be bought and sold through stock market brokers on payment of stock market related brokerages.

Although most ETFs are registered as open-end funds, there are some key difference between ETFs and other open -end funds such as mutual funds.

One difference is how retail investors buy and sell shares. A retail investor in a mutual fund typically purchases or redeems shares directly with the fund. By contrast, retail shareholders in an ETF do not conduct transactions directly with the ETF but instead buy or sell ETF shares on a stock exchange, just as they would sell or buy the shares of a publicly traded company. ETF shares originally enter the market through an institutional investor, known as a creation unit holder. These investors deposit with the ETF sponsor a specified basket of securities. In return for this basket of securities, the ETF issues to the creation unit holder as specified number of fund shares, which can be sold to the public through a stock exchange. A creation unit holder can liquidate its position by returning a fixed number of ETF shares to the ETF; in return, the creation unit holder receives the basket of securities from the ETF. A retail investor in an ETF could liquidate their position by selling their ETF shares on a stock exchange.

Another feature that distinguishes ETFs from open-end funds is pricing. ETF shares may trade above or below the underlying value of the securities in the fund. Unlike a mutual fund, whose price per share is based on the fund's net asset value (NAV), an ETF's share price is influenced by the forces of supply and demand. For example, when investors demand increase, the ETF share price rises. However, ETFs are structured so that large differences between their share price and the value of the underlying basket of securities do not exist for long period of time. Creation unit holders counteract the impact of supply and demand for ETF share by buying and selling ETF shares in the market, and if necessary, by creating or redeeming creation units with the fund. In doing so, creation unit holders help keep the market price of an ETF's share close to the underlying value of its securities.

(Source: Fact book 2006; Institute of Capital Investments, New York)

### **INDEX FUND**

An index is a group of stocks that an Index Service Provider selects as a representative of a market, market segment or specific industry sector. The Index Service Provider calculates, maintains and disseminates the index. Most of the indices calculated are based on market capitalization (price x outstanding equity capital) of each stock and the weightage of each stock in the index is determined based on its market capitalisation. An index fund invests in securities of the index in the same weightage.

The advantages of investing in an Index Fund are:

1. **Diversification:** Since Index Schemes replicate to a large extent the market index, they provide diversification across various sectors/ segments/Scripts.



2. Low costs: Index Schemes are passively managed schemes, as a result of which costs such as those relating to management fees, trade execution, research etc. are generally kept relatively low.
3. Transparency: As indices are pre-defined, investors know the securities and proportion in which their money will be invested.
4. Arbitrage: These schemes provide low impact cost arbitrage opportunities between cash and derivatives market.
5. Operational simplicity: The ETF units are traded like stock on the stock exchange due to which investors who are familiar with stock market trading can take the benefits of investing in an index without the complications involved in derivative trading.

Kotak Sensex ETF is an exchange traded index fund scheme that invests in stocks that comprise the S & P BSE Sensex and in the same proportion as in the index.

## **1. 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 SENSEX ETF is only the name of the scheme and 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**

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

- 1) The NAV of the units is closely related to the value of stocks that form a part of the benchmark index. The value of this will react to stock market movements and may result in changes in the NAV of units under the scheme. There could also be movements in the scheme's NAV due to changes in interest rates, macro economic and political developments and over longer periods during market downturns
- 2) Liquidity Risk: Trading in Kotak Sensex ETF may be halted due to market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in Kotak Sensex ETF is not advisable. There could also be trading halts caused by extraordinary market volatility and pursuant to BSE and SEBI circuit filter rules. There can be no assurance that the requirements of the exchange necessary to maintain the listing of the Kotak Sensex ETF will continue to be met or will remain unchanged
- 3) Regulatory Risk: Any changes in trading regulations by the stock exchange (s) or SEBI may affect the ability of Authorised Participant to arbitrage resulting into wider premium/ discount to NAV.
- 4) Market Risk: The market in general could under perform returns from the securities or other asset classes.
- 5) As the scheme proposes to invest not less than 90% of the net assets in the securities of the benchmark Index, the Scheme is a passively managed scheme and provides exposure to the

benchmark and tracking its performance and yield as closely as possible. The Schemes performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.

- 6) As the scheme proposes to invest not less than 90% of the net assets in securities comprising of S & P BSE Sensex, any deletion of stocks from or addition to in S & P BSE Sensex may require sudden and immediate liquidation or acquisition of such stocks at the prevailing market prices irrespective of whether valuation of stocks is attractive enough. This may not always be in the interest of unitholders.
- 7) The scheme will attract provisions of take over regulations, if it invests in more than 10% of the paid up capital of a company and therefore may not be able to accept further subscriptions.
- 8) The performance of the Sensex will have a direct bearing on the performance of the scheme. Hence any composition change by virtue of weightage or stocks selection will have an impact on the scheme.
- 9) Though Kotak Sensex ETF is listed on the stock exchange, there is no assurance that an active secondary market will develop or be maintained.
- 10) Tracking error may have an impact on the performance of the scheme. However KMAMC will endeavour to keep the tracking error as low as possible.
- 11) Investors may note that even though this is an open-ended scheme, they will have to buy or sell units of the scheme on the stock exchanges where these units are listed for liquidity at the market price, subject to the rules and regulations of the exchange. Buying and selling units on stock exchange requires the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/ broker, payment of brokerage, securities transactions tax and such other costs.
- 12) The market price of ETF units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV. However since the eligible investors can transact with the AMC for units beyond the creation unit size there should not be a significant variance from the NAV. Hence the price of ETF is less likely to hold significant variance (large premium or discount) from the latest declared NAV all the time.
- 13) Capital Gains Impact: Investors who trade in Kotak Sensex ETF may be subject to Long Term Capital Gains or Short Term Capital Gains. Investors are requested to consult their tax / legal consultants before investing in the scheme.
- 14) The units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual fund depends up on the confirmations to be received from depository (ies) on which the mutual fund has no control.

**Risks associated with Capital Markets or Equity Markets (i.e. Markets in which Equity Shares or Equity oriented instruments are issued and traded)**

• **Price fluctuations and Volatility:**

Mutual Funds, like securities investments, are subject to market and other risks and there can be neither a guarantee against loss resulting from an investment in the Scheme nor any assurance that the objective of the Scheme will be achieved. The NAV of the Units issued under the Scheme can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, government policy and volatility in the capital markets. Pressure on the exchange rate of the Rupee may also affect security prices.

- **Concentration / Sector Risk:**

When a Mutual Fund Scheme, by mandate, restricts its investments only to a particular sector; there arises a risk called concentration risk. If the sector, for any reason, fails to perform, the portfolio value will plummet and the Investment Manager will not be able to diversify the investment in any other sector.

- **Liquidity Risks:**

Liquidity in Equity investments may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the Scheme's ability to make intended purchases/sales, cause potential losses to the Scheme and result in the Scheme missing certain investment opportunities. These factors can also affect the time taken by KMMF for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very large value redemption requests. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information.

**Risks associated with Debt / Money Markets (i.e. Markets in which Interest bearing Securities or Discounted Instruments are traded)**

Kotak Sensex ETF invests not less than 90% its corpus in the securities representing S & P BSE Sensex. As this scheme endeavors to earn returns that closely correspond to the total returns represented by S & P BSE Sensex, the scheme will have insignificant cash or debt/ market investments. Therefore, the scheme is not significantly susceptible to risks associated with debt/ money markets.

**Disclaimer:**

Bombay Stock Exchange Ltd. ("the Exchange") has given vide its letter dated May 6, 2008 permission to Kotak Mahindra Mutual Fund to use the Exchange's name in this Scheme Information Document as one of Stock Exchanges on which this Mutual Fund's Units are proposed to be listed. The Exchange has scrutinised this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to Kotak Mahindra Mutual Fund. The Exchange does not in any manner:-

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

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

**2. Requirement of Minimum Investors in the Scheme**

The requirement of minimum number of investors in the scheme is not applicable to Kotak Sensex ETF.

### 3. Special Considerations

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

- As per the RGESS guidelines, the Depositories will be required to certify the 'New Retail Investor' status of the investors at the time of designating his/her demat account as demat account for the purpose of RGESS. The Depositories will be also required to ensure the enforcement of the lock-in on Units under the Scheme.

The following three types of investors may subscribe to the units of the scheme. While all of them may subscribe to the units during the New Fund Offer, there are some restrictions on their dealing with the Fund directly during the continuous offer as explained below:

1. **Authorised Participants (AP):** AP is an entity engaged by AMC to undertake the responsibility of a market maker and ensure liquidity in the stock market. The role of AP will endeavour to assure liquidity for Kotak Sensex ETF units in the stock exchanges where the units are listed.
2. **Large Investors (LI):** LI may buy and redeem units in creation unit size directly from the Fund directly on any business day at applicable NAV price plus transaction charges, as and when permitted by the AMC.
3. **Other Investors:** Investors other than AP and LI may buy or sell Kotak Sensex ETF units from the stock market only, on an ongoing basis.

#### 1. Requirement of Demat account for investing in the scheme

The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.

2. All rights in the SENSEX vest in Bombay Stock Exchange Limited ("BSE"). BSE and SENSEX are trademarks of BSE and are used by Kotak Mahindra Asset Management Company under license and governed by the Index License Agreement. BSE shall not be liable in any manner whatsoever (including in negligence) for any loss arising to any person whatsoever out of use of or reliance on the SENSEX by any person.

Kotak SENSEX Exchange Traded Fund is not sponsored, endorsed, sold or promoted by Bombay Stock Exchange Limited ("BSE"). BSE makes no representation or warranty, express or implied to the investors in Kotak SENSEX Exchange Traded Fund or any member of the public in any manner whatsoever regarding the advisability of investing in securities generally or in Kotak SENSEX Exchange Traded Fund particularly or the ability of the SENSEX to track general stock market performance in India or otherwise. The relationship of BSE towards Kotak Mahindra Asset Management Company Limited is in respect of the licensing of use of SENSEX which is determined, composed and calculated by BSE without regard to the Kotak Mahindra Asset Management Company Limited or Kotak SENSEX Exchange Traded Fund. BSE has no obligation to take the needs of the investors of Kotak SENSEX Exchange Traded Fund into consideration in determining, composing or calculating the SENSEX. BSE is neither responsible for nor has participated in the determination of the time or price at which the units under Kotak SENSEX Exchange Traded Fund are to be issued or in the determination or calculation of the equation by which the units are to be redeemed for the underlying securities. BSE has no obligation or liability in connection with the administration, marketing or trading of Kotak SENSEX Exchange Traded Fund".

BSE does not guarantee the accuracy and/or the completeness and/or continuity of SENSEX or any data included therein and BSE shall have no liability for any errors, omissions or interruptions

therein or change or cessation thereof. BSE makes no warranty, express or implied, as to the results to be obtained by the Kotak Mahindra Asset Management Company Limited, investors of Kotak Sensex Exchange Traded Fund, or any other persons or entities from the use of SENSEX or any data included therein. BSE makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to SENSEX or any data included therein. Without limiting any of the foregoing, in no event shall BSE have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages”.

### **3. Procedure for Purchase/Redemption of Units directly from the Fund:**

Only Authorised Participants can purchase or redeem unit directly from the Fund as per the procedure given below:

#### **a. Creation/Redemption of units in Creation Unit Size by Exchanging Portfolio Deposit**

The Fund creates / redeems the scheme units in large size known as “Creation Unit”. The value of the “Creation Unit” is 10,000 units of the Scheme or in multiple thereof called as the “Portfolio Deposit” and a “Cash Component” which will be exchanged for corresponding number of units. The Portfolio Deposit and Cash Component may change from time to time and will be announced by Fund on its website. Portfolio deposit shall be made into a pre-designated depository account.

#### **b. Procedure for Creating Scheme’s units in Creation Unit Size**

AP may deposit requisite basket of securities comprising S & P BSE Sensex constituting the Portfolio Deposit and Cash component. The requisite securities constituting the Portfolio Deposit have to be transferred to the designated depository account of the scheme while the Cash Component has to be paid to the AMC by way of a cheque or pay order or demand draft. The AMC will have the corresponding number of units credited to the depository account of the AP.

The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.

#### **c. Procedure for Redeeming Scheme’s units in Creation Unit Size**

AP may submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which AP has a depository account.

The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.

#### **Example for Calculation of the price at which units can be purchased and the units receivable by the investor**

<b>Scrip</b>	<b>Quantity as on June 28, 2016</b>	<b>Price as on June 28, 2016</b>	<b>Value as on June 28, 2016</b>	<b>Weight</b>
Asian Paints Ltd.	50	974.05	48702.5	-0.42
Bharti Airtel Ltd.	155	351.05	54412.75	-0.87
Bajaj Auto Ltd.	15	2651.60	39774	-0.11
Cipla Ltd.	56	489.00	27384	-0.25

Coal India Ltd.	141	308.75	43533.75	-0.62
Dr Reddys Laboratories Ltd	13	3240.65	42128.45	-0.83
GAIL (India) Ltd.	52	380.30	19775.6	-0.65
HDFC Bank Ltd.	221	1158.05	255929.05	-0.03
HDFC Ltd.	176	1216.95	214183.2	-0.56
Hero MotoCorp Ltd.	14	3054.60	42764.4	0.23
Hindustan Unilever Ltd.	80	859.80	68784	0.13
ICICI Bank Ltd.	650	232.85	151352.5	0.14
Infosys Ltd.	224	1166.25	261240	0.40
ITC Ltd.	630	359.05	226201.5	0.62
Larsen And Toubro Ltd.	92	1467.50	135010	0.27
Lupin Ltd.	27	1478.40	39916.8	0.20
Mahindra & Mahindra Ltd.	51	1389.75	70877.25	0.14
Maruti Suzuki India Limited	15	4030.70	60460.5	0.11
Adani Port and Special Economic Zone Limited	102	204.60	20869.2	0.10
National Thermal Power Corporation Limited	231	149.10	34442.1	0.26
Oil & Natural Gas Corporation Ltd.	202	210.00	42420	0.90
Power Grid Corporation Of India Ltd	246	154.30	37957.8	0.62
Reliance Industries Ltd.	185	956.10	176878.5	0.24
State Bank Of India	357	217.10	77504.7	0.89
Sun Pharmaceuticals Industries Ltd.	121	773.90	93641.9	0.23
Tata Consultancy Services Ltd.	58	2495.35	144730.3	0.52
Tata Motors Ltd.	213	448.60	95551.8	0.56
Tata Steel Limited.	75	310.35	23276.25	-0.06
Axis Bank Ltd	189	514.25	97193.25	-0.44
Wipro Ltd.	71	549.10	38986.1	-0.30

Amount collected (Rupees)	A	1,000,000,000.00
NAV	B	246.23
Units allotted say	$C = (A/B)$	4,061,317.78
Portfolio Value	D	246.04
Cash Component	$E = B - D$	0.18
Actual Inv in stocks say	$F = C * D$	999,250,686.87
Balance cash for expenses say	$G = C * E$	749,313.13

The number of units cannot be fractional and will be rounded off to the earlier decimal but this will be done investor wise and not just at the scheme level.

Also, the incidental expenses of brokerage, STT, STP charges and NSDL charges would be recovered from the investor.

### Allotment of units and fractional units

Stock exchanges may not allow trading of fractional units. Trustees may, with a view to avoid creation of fractional units, decide to allot units only in integers by rounding off the units allotted to the lower integer and the balance will be refunded to the investor.

**The above procedure relating to purchase and sale of units by different types of investors/participants in the scheme is tabulated for easy reference**

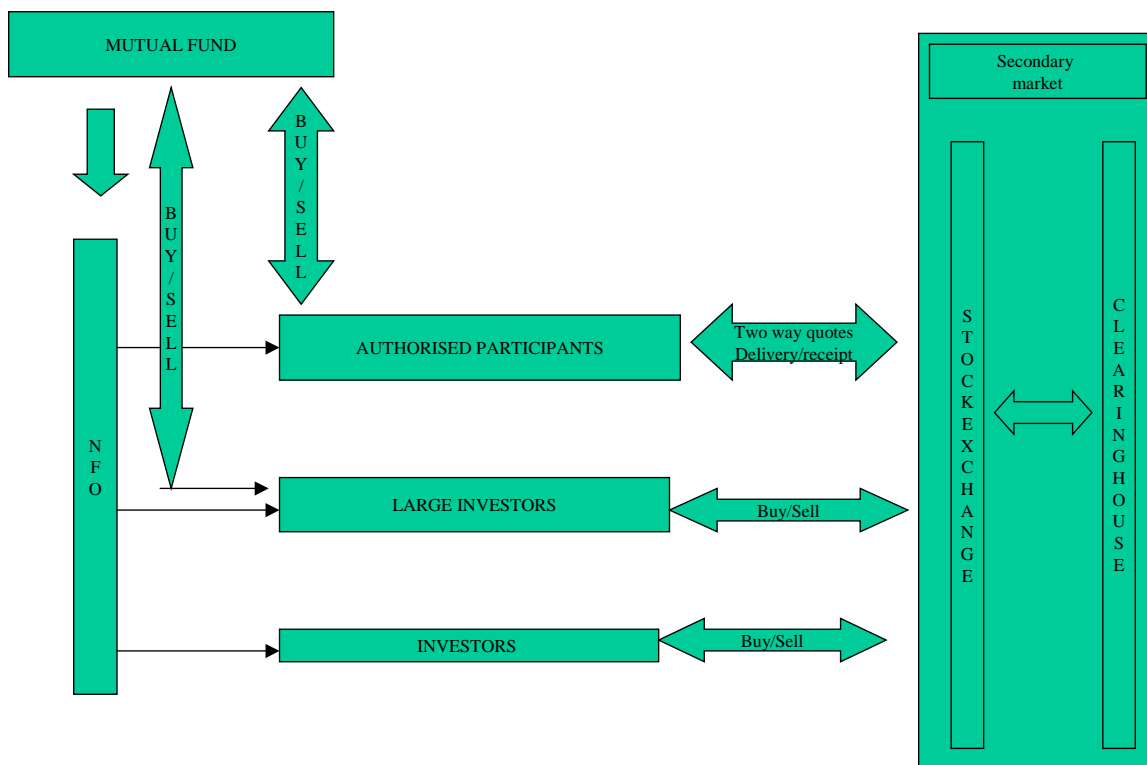
<b>Type of investor and transaction details</b>	<b>Sale of units by Mutual Fund</b>	<b>Redemption of units by unit holders</b>
<b>During Continuous offer</b>		
Authorized Participants	Any business day in creation unit* size at applicable NAV and transaction handling charges.	Any business day in creation unit* size
Large Investor	Any business day in creation unit* size at applicable NAV and transaction handling charges.	Any business day in creation unit* size
Other investors	Only through stock exchange	Only through stock exchange
<b>Role of Authorised participants</b>	Gives two way quotes in the secondary market. Stands as a seller for a buy order.	Gives two-way quotes in the secondary market. Stands as a buyer against a sell order.
<b>Role of large investor</b>	Only an investor – no other role in the scheme operations.	

#### \* Creation unit

Each creation unit consists of 10,000 units of Kotak Sensex ETF.

Each unit of Kotak Sensex ETF will be approximately equal to 1/100<sup>th</sup> of the value of the S & P BSE Sensex.





**d. Redemption method:**

- Unitholder (large investor or authorized participant) may submit to any of the offices of AMC Redemption request Form enclosed with a copy of redemption request duly acknowledged by the depository participant.
- The depository participant will process the request and forward the same to Registrar to the Scheme in the normal course.
- The time taken for confirmation of repurchase of units is dependent upon the timelines and procedures of depositories.
- Redemption proceeds in the form of Portfolio of securities will be transferred to the demat account of the unit holder within three days of confirmation with the depository records.

**e. Buying /Selling through the Stock Exchange**

Buying / Selling units on the stock exchange is just like buying / selling any other normal listed securities. If an investor has bought units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The trading member would pay the money or deliver the units to the investor in accordance with time prescribed by the stock exchange regulations.

If an investor has bought units, he should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange's clearing corporation.

An investor who has sold units should instruct his/her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the units from his/her trading member through whom he/she have sold the units. The details of the pool A/c of his/her trading member to which the units are to be transferred, unit quantity etc. should be mentioned in the delivery out instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the delivery out instructions should be given atleast 24 hours prior to the cut off time for the prescribed securities pay in to avoid any rejection of instructions due to data entry errors, network problems, etc.

#### 4. Definitions

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

<b>Applicable NAV</b>	Unless stated otherwise in this document, 'Applicable NAV' is the Net Asset Value at the close of a Working/Business Day as of which the purchase or redemption is sought by an investor and determined by the Fund.
<b>Asset Management Company or AMC or Investment Manager or KMAMC</b>	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.
<b>Authorised Participant</b>	Member of the Stock Exchanges having trading terminals on which the units of the scheme are listed and appointed by the AMC to give two way quotes on the stock exchanges and who deal in creation unit size for the purpose of purchase and sale of units directly from the AMC
<b>Business day</b>	<p>A day other than:</p> <ul style="list-style-type: none"> <li>(i) Saturday and Sunday</li> <li>(ii) A day on which banks in Mumbai including the Reserve Bank of India are closed for business or clearing</li> <li>(iii) A day on which the National Stock Exchange or Bombay Stock Exchange is closed</li> <li>(iv) A day on which NSDL and/or CDSL is closed for the purpose of transfer of securities between depository (demat) accounts.</li> <li>(v) A day on which Purchase and Redemption of units is suspended by the AMC.</li> </ul> <p>Additionally, the day when banks in any location where the AMC's Investor service centers 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 local holidays, only redemption and switch request will be accepted at those centers provided it is a business day for the scheme.</p> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.</p>
<b>Cash Component</b>	Cash component represents the difference between the applicable net asset value of a creation unit and the market value of the Portfolio deposit.
<b>Custodian</b>	Standard Chartered Bank and Deutsche Bank, acting as Custodians to the Scheme, or any other Custodian appointed by the Trustee.

<b>Creation Unit</b>	Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 10,000 units of the Scheme or cash equal to the value of 10,000 units of the scheme. For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component or cash equal to the value of 10,000 units of the scheme. The Portfolio Deposit and Cash Component will change from time to time. Each creation unit consists of 10,000 units of Kotak Sensex ETF. Each unit of Kotak Sensex ETF will be approximately equal to 1/100th of the value of the S & P BSE Sensex. The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's website.
<b>Creation date</b>	Creation date is the date on which units are allotted against a creation unit transaction.
<b>Depository</b>	A depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
<b>Entry Load</b>	The charge that is paid by a Unitholder when he invests an amount in the Scheme.
<b>Exit Load</b>	The charge that is paid by a Unitholder when he redeems Units from the Scheme.
<b>Exchange Traded Funds (ETF)</b>	Exchange Traded Funds are passively managed funds tracking a benchmark index and reflect the performance of that index. They have the flexibility of trading on stock exchanges like a share and offer the best features of open and close end funds.
<b>Large Investors</b>	For the purpose of Purchase and Redemption of units under Kotak Sensex ETF, "Large Investors" would mean investors who deal in creation unit size, other than Authorised Participants.
<b>FII</b>	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
<b>Gilts/Government Securities</b>	Securities created and issued by the Central Government and/or State Government.
<b>IMA</b>	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.
<b>Investor Service Centres or ISCs</b>	Designated branches of the AMC / other offices as may be designated by the AMC from time to time.
<b>Kotak Sensex ETF</b>	An open-ended Exchange Traded Fund
<b>Kotak Bank/ Sponsor</b>	Kotak Mahindra Bank Limited.
<b>KMMF/Fund/ Mutual Fund</b>	Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882.
<b>KMTCL/Trustee</b>	Kotak Mahindra Trustee Company Limited, a company set up under the Companies Act, 1956, and authorized by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.
<b>Mutual Fund Regulations/ Regulations</b>	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.
<b>NAV</b>	Net Asset Value of the Units of the Scheme (including the options thereunder) as calculated in the manner provided in this Offer Document or as may be prescribed by Regulations from time to time. The NAV is

	computed upto four decimal places.
<b>NRI</b>	Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999.
<b>Scheme Information Document</b>	This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme.
<b>Portfolio deposit</b>	Portfolio Deposit consists of pre-defined basket of securities that represent the underlying index and announced by AMC from time to time.
<b>Purchase Price</b>	Purchase Price, to an investor, of Units of respective Schemes (including Options thereunder) computed in the manner indicated under subparagraph 'Purchase Price' under paragraph 'Purchase of Units' in Chapter IV 'Units and Offer'.
<b>Redemption Price</b>	Redemption Price to an investor of Units of the Scheme (including Options thereunder) computed in the manner indicated under subparagraph 'Redemption Price' under paragraph 'Redemption of Units' in Chapter V 'Units'.
<b>Registrar</b>	Computer Age Management Services Private Limited ('CAMS'), acting as Registrar to the Scheme including the services relating to providing interface with depository system, or any other Registrar appointed by the AMC.
<b>Repo</b>	Sale of securities with simultaneous agreement to repurchase them at a later date.
<b>Reserve Bank of India/RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
<b>Reverse Repo</b>	Purchase of securities with a simultaneous agreement to sell them at a later date.
<b>"Rajiv Gandhi Equity Savings Scheme, 2012 or "RGESS"</b>	The Rajiv Gandhi Equity Savings Scheme, 2012, as notified by the Central Government vide notification no. 51/2012 dated November 23, 2012, including any amendment/notification issued there under from time to time.
<b>Risk – Free</b>	Absence of credit risks i.e. no risk of default on payment of principal and interest.
<b>Scheme</b>	Kotak SENSEX ETF.
<b>SEBI</b>	The Securities and Exchange Board of India.
<b>Scheme Information Document (SID)</b>	This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme..
<b>Statement of Additional Information (SAI)</b>	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)
<b>Tracking Error</b>	Means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.
<b>Transaction cost</b>	Charges payable to Custodian / Depository Participants, and any incidental expenses relating to conversion of basket of securities into units or units into basket of securities consequent upon purchase or redemption.

<b>Trust Deed</b>	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.
<b>Trust Fund</b>	The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.
<b>Unit</b>	The interest of the investors in any of the Schemes, which consists of each Unit representing one undivided share in the assets of the respective Schemes.
<b>Unitholder</b>	A person who holds Unit(s) under the Scheme.
<b>Words and Expressions used in this SID and not defined</b>	Same meaning as in Trust Deed.

### **5. Due Diligence by the Asset Management Company**

It is confirmed that:

- 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.
- 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.
- 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.
- 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**

**Sandeep Kamath  
Compliance Officer**

**Place: Mumbai  
Date: June 27, 2016**

### III. INFORMATION ABOUT THE SCHEME

#### Kotak SENSEX ETF

##### A. Type of the scheme

An open ended exchange traded fund

##### B. What is the investment objective of the scheme?

The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of the S & P BSE SENSEX subject to tracking errors.

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

##### Tracking Error

Tracking error means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.

Tracking error could be the result of a variety of factors including but not limited to:

- a. Delay in the purchase or sale of stocks within the benchmark due to
  - i. Illiquidity in the stock,
  - ii. Delay in realisation of sale proceeds,
- b. The scheme may buy or sell the stocks comprising the index at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- c. The potential for trades to fail, which may result in the Scheme not having acquired the stocks at a price necessary to track the benchmark price.
- d. The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- e. Disinvestments to meet redemptions, recurring expenses, dividend payouts etc.
- f. Execution of large buy / sell orders
- g. Transaction cost and recurring expenses
- h. Realisation of Unit holders' funds

##### C. How will the scheme allocate its assets?

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising comprising S & P BSE Sensex	90% to 100%	Medium to High
Debt and money market instruments	0% to 10%	Low

##### D. Where will the scheme invest?

The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements.

**Stated below are the key features of other open ended debt schemes of Kotak Mutual Fund.**

1. Kotak PSU Bank ETF – Kotak PSU Bank ETF is the only exchange traded fund offered by Kotak Mutual Fund which seeks to provide returns before expenses that closely correspond to the total returns of the Nifty PSU Bank Index subject to tracking errors.
2. Kotak Nifty ETF – Kotak Nifty ETF is the only exchange traded fund offered by Kotak Mutual Fund which seeks to provide returns before expenses that closely correspond to the total returns of the Nifty 50 subject to tracking errors.
3. Kotak Banking ETF – Kotak Banking ETF is the only exchange traded fund at Kotak Mutual Fund which seeks to provide returns before expenses that closely correspond to the total returns of the Nifty Bank Index subject to tracking errors.
4. Kotak Gold ETF - Kotak Gold ETF is the only exchange traded fund offered by Kotak Mutual Fund which seeks to generate returns that are in line with the returns on investment in physical gold.
5. Kotak NV 20 ETF - Kotak NV 20 ETF is the only exchange traded Fund offered by Kotak Mutual Fund which aims to provide returns that closely correspond to the total returns of stocks as represented by Nifty 50 Value 20 Index

**E. What are the investment strategies?**

The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements.

Kotak Sensex ETF endeavours to invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements.

**Risk control measures for investment strategy**

The scheme aims to track the S & P BSE SENSEX as closely as possible post expenses. The index is tracked on a regular basis and changes to the constituents or their weights, if any, are replicated in the underlying portfolio with the purpose of minimizing tracking error.

**Risk mitigation measures for portfolio volatility**

ETF being a passive investment carries lesser risk as compared to active fund management. The portfolio follows the index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Thus there is no additional element of volatility or stock concentration on account of fund manager decisions. The fund manager would endeavour to keep cash levels at the minimal to control tracking error.

**Risk mitigation measures for managing liquidity**

The 30 stocks in the S & P BSE SENSEX are selected by applying liquidity as one of the criterion and hence the portfolio of Kotak SENSEX ETF is highly liquid. The index is rebalanced based on certain criteria after which certain illiquid stocks are replaced by more liquid stocks. The fund manager makes the changes to the portfolio accordingly. Therefore liquidity issues in the scheme are not envisaged.

## 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 is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. Kotak Sensex ETF is a passively managed exchange traded open-ended index scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Authorised participants and Large Investors. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in S & P BSE Sensex.

## Portfolio Turnover Ratio: 10.76

### F. Fundamental attributes

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

1. Type of the scheme: As mentioned under the heading "Type of the Scheme"
2. Investment Objective: As mentioned under the heading "Investment Objective"
3. Investment Pattern: As mentioned under the heading "How will the scheme allocate its assets"
4. Terms of Issue:
  - Liquidity provisions such as listing, repurchase, redemption. Investors may refer Chapter IV for detailed information on listing, repurchase and redemption.
  - Aggregate fees and expenses charged to the scheme. Investors may refer Chapter V on fees and expenses charged to the scheme.
  - 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:

1. 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
2. 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 Sensex ETF is benchmarked against the S & P BSE Sensex.

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

### H. Who manages the scheme?

Name	Age	Qualification	Business Experience	Schemes Managed
Mr. Deepak Gupta	34 Years	Graduate in Commerce from Mumbai University. He is a	Mr. Deepak Gupta has 11 years of experience in the	<ul style="list-style-type: none"><li>• Kotak Equity Arbitrage Fund</li><li>• Kotak Asset Allocator Fund</li></ul>



		qualified Chartered Accountant. He is a qualified Chartered Accountant. Deepak is also a Cost Accountant and has cleared the CFA (US, AIMR) Level III.	mutual fund industry and 8 years of experience in fund management related areas.	<ul style="list-style-type: none"> <li>• Kotak PSU Bank ETF</li> <li>• Kotak Nifty ETF</li> <li>• Kotak Global Emerging Market Fund (Dedicated fund Manager for overseas investment)</li> <li>• Kotak World Gold Fund (Dedicated Fund Manager for overseas investment)</li> <li>• Kotak US Equity Fund (Dedicated Fund Manager for overseas investment)</li> <li>• Kotak Multi Asset Allocation Fund</li> <li>• Kotak Equity Savings Fund</li> <li>• Kotak Banking ETF</li> <li>• Kotak Capital Protection Oriented Scheme - Series 1, Series 2, Series 3 and Series 4</li> <li>• Kotak Hybrid Fixed Term Plan Series 2</li> <li>• Kotak NV 20 ETF</li> </ul>
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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:

1. The Fund shall buy and sell securities only against deliveries. In no case shall the Fund engage in short selling, carry forward transactions or Badla financing. Provided that the Fund may enter into derivatives transactions for the purpose of hedging and portfolio balancing in accordance with the guidelines issued by SEBI.
2. A scheme may invest in another scheme, under the same AMC or any other mutual fund provided that the aggregate inter-scheme investments made by all schemes under the same AMC or any other mutual fund shall not exceed 5% of the net assets of the Fund or any other limit as prescribed by the Regulations from time to time. The AMC is not permitted by the Regulations to charge any investment management and advisory services fee on such investments.
3. Pending deployment of the corpus of the Scheme in securities in terms of investment objective, the Fund can invest the corpus of the Scheme in short term deposits of scheduled commercial banks as per the guidelines given in SEBI Circular no. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007.
4. The Scheme shall not make any investment in:
  - any unlisted security of an associate or group company of the Sponsor; or
  - any security issued by way of private placement by any associate or group company of the Sponsor; or
  - the listed securities of group companies of the Sponsor in excess of 25% of its net assets.
5. The Scheme shall not invest in any Fund of Funds Scheme.

6. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and collateralized borrowing and lending obligations:

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

7. The Scheme shall not invest more than 10% of its Net Assets in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25 % of the Net Assets of the scheme. All such investments shall be as per the parameters approved by the Boards of the Trustee and the AMC.
8. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1 A of Seventh Schedule to the Regulations.
9. Investments of the Scheme, together with the investments of other schemes of the Fund in share capital of any company shall not exceed 10% of that company's paid-up capital carrying voting rights.  
For the purpose of determining the above limit, gross long position, which will be a combination of positions of the underlying securities and stock derivatives, will be considered.
10. The Scheme shall not invest more than 10% of its Net Assets in the equity or equity related instruments of any company.  
Provided that the limit of 10% shall not be applicable for investments in case of index fund or sector or industry specific scheme.
11. The Scheme can invest a maximum of 5% of the net assets in unlisted equity and equity related instruments.
12. The mutual fund shall get the securities purchased / transferred in the name of the fund on account of the concerned scheme, where investments are intended to be of long term nature.

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

All investment restrictions shall be applicable at the time of making investment.

#### **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 Kotak Sensex ETF is Nil.

Aggregate Investment by the Kotak AMC'S Board of Directors in Kotak Sensex ETF is Nil.

Aggregate Investment by Key Managerial Person of Kotak AMC in Kotak Sensex ETF is Nil.

**Scheme's Portfolio Holdings and Sector wise fund allocation (As on May 31, 2016) –**

**(1) Top 10 holdings by issuer**

<b>Top 10 Holdings Issuer Wise</b>	<b>Percentage to Net Assets</b>
Infosys Ltd.	10.37
HDFC Bank Ltd.	9.66
ITC Ltd.	8.21
HDFC Ltd.	8.12
Reliance Industries Ltd.	6.58
ICICI Bank Ltd.	5.92
Tata Consultancy Services Ltd.	5.48
Larsen and Toubro Ltd.	5.02
Tata Motors Ltd.	3.62
AXIS Bank Ltd.	3.62

Link to the Scheme's latest monthly portfolio holding: <http://www.assetmanagement.kotak.com>

**(2) Fund allocation Sector wise**

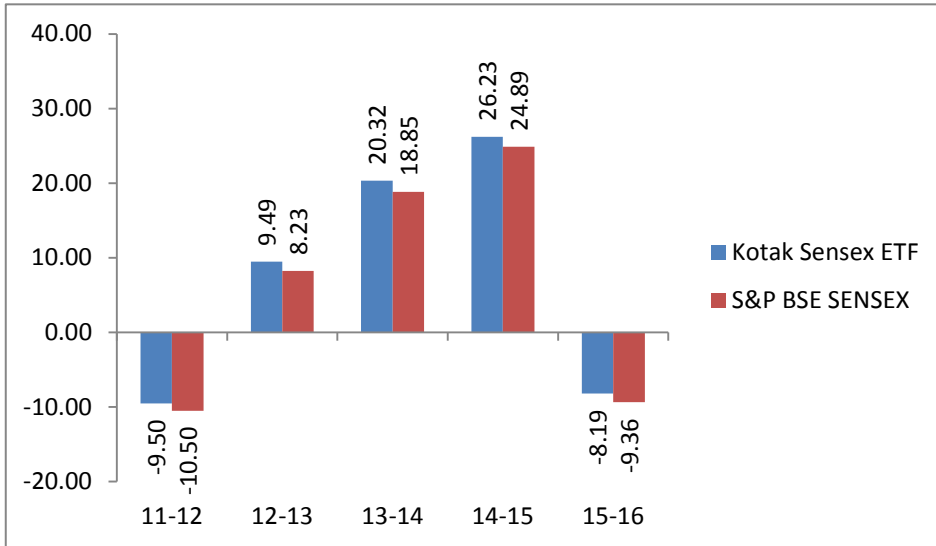
<b>Sector</b>	<b>Percentage to Net Assets</b>
Financial Services	30.03
IT	17.31
Consumer Goods	12.57
Automobile	11.50
Energy	10.11
Pharma	7.57
Construction	5.02
Metals	2.46
Telecom	2.04
Services	0.73

**J. How has the scheme performed?**

**Performance of the scheme as on March 31, 2016**

<b>Compounded Annualised Growth Returns (%)</b>	<b>Kotak Sensex ETF</b>	<b>S&amp;P BSE SENSEX</b>
Last 1 Year	-8.17%	-9.33%
Last 3 Years	11.67%	10.36%
Last 5 Years	6.67%	5.43%
Since Inception	7.50%	6.42%

**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

<p><b>Ongoing Offer Period</b></p> <p>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Ongoing Offer of the Scheme commenced from June 16, 2008</p>																			
<p><b>Ongoing price for subscription (purchase)/switch-in</b></p> <p>This is the price you need to pay for purchase/switch-in.</p> <p>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be: Rs. <math>10 * (1+0.02) = Rs. 10.20</math></p>	<p>(a) Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund by paying applicable transaction handling charges and cash component in cash and by depositing basket of securities comprising S &amp; P BSE Sensex. Units may be allotted only after realization of cheque where the full consideration for creation unit is paid by cheque and at the value at which the underlying stocks for the creation unit is purchased against that purchase request.</p> <p><b>NAV for continuous offer</b></p> <table border="1" data-bbox="520 1070 1302 1352"> <tr> <td>Value of portfolio deposit (basket of securities) in creation unit size</td> <td>1</td> <td>2,457,663.60</td> </tr> <tr> <td>Price of 1 unit portfolio creation</td> <td>2</td> <td>245.77</td> </tr> <tr> <td>Cash Component (say)</td> <td>3</td> <td>1,000.00</td> </tr> <tr> <td>Net Assets</td> <td>4=(1+3)</td> <td>2,458,663.60</td> </tr> <tr> <td>No.of units in creation unit</td> <td>5</td> <td>10,000.00</td> </tr> <tr> <td><b>NAV per unit</b></td> <td><b>6=(4/5)</b></td> <td><b>245.87</b></td> </tr> </table> <p><b>Note</b></p> <ol style="list-style-type: none"> <li>In addition to the NAV, any person transacting with the fund will have to reimburse transaction charges - brokerage, STT, NSDL charges etc.</li> <li>Transaction charges payable by the investor is per creation request and will be as determined by the AMC at the time of transaction</li> <li>The above creation unit is for 10,000 units of Kotak Sensex ETF which is minimum lots size for creation</li> </ol> <p>(b) The units are listed on BSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day.</p> <p>(c) The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market.</p> <p>Switches are not allowed under the scheme</p>		Value of portfolio deposit (basket of securities) in creation unit size	1	2,457,663.60	Price of 1 unit portfolio creation	2	245.77	Cash Component (say)	3	1,000.00	Net Assets	4=(1+3)	2,458,663.60	No.of units in creation unit	5	10,000.00	<b>NAV per unit</b>	<b>6=(4/5)</b>	<b>245.87</b>
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<b>NAV per unit</b>	<b>6=(4/5)</b>	<b>245.87</b>																		

<p><b>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</b></p> <p>This is the price you will receive for redemptions/switch outs.</p> <p>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: Rs. 10* (1-0.02) = Rs. 9.80</p>	<p>Authorized Participant and Large Investor can redeem units directly with the fund at Applicable NAV based prices, subject to applicable exit load; if any.</p> <p>There is no exit load. However transaction charges payable to Custodian/Depository Participants, and other incidental charges relating to conversion of units into basket of securities may be deducted from redemption proceeds. The charges will be notified on <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a> from time to time.</p> <p>Investors other than AP and LI may redeem units at the listed price plus transaction handling charges on stock exchange.</p> <p>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.</p>
<p><b>Cut off timing for subscriptions/ redemptions/ switches</b></p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants. Authorized Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load, in creation unit size. Every creation unit shall have total monetary value in Rupee terms equivalent to that day's portfolio deposit and cash component.</p> <p>For Purchase/ Redemption directly from the fund on any business day:</p> <ol style="list-style-type: none"> <li>upto 3.00 p.m. on a business day, the NAV of such business day.</li> <li>After 3.00 p.m. on a business day, the NAV of the following business day.</li> </ol>
<p><b>Where can the applications for purchase/redemption switches be submitted?</b></p>	<p>Applications can be submitted only at the offices of AMC</p> <p>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. The Bank Account details as mentioned with the Depository should be mentioned.</p> <p>If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected.</p> <p>Notwithstanding any of the above conditions, any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p>
<p><b>Who can invest</b></p> <p>This is an indicative list and you are requested to consult your financial</p>	<p>The following are eligible to apply for purchase of the Units:</p> <ul style="list-style-type: none"> <li>Resident Indian Adult Individuals, either singly or jointly (not exceeding three).</li> <li>Parents/Lawful guardians on behalf of Minors.</li> <li>Companies, corporate bodies, registered in India.</li> </ul>

advisor to ascertain whether the scheme is suitable to your risk profile.

- 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.
- Religious and Charitable Trusts under the provisions of 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962.
- 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.

The following investors cannot invest in the Scheme:

- U.S. Persons and Residents of Canada

It may be noted that:

- a. No fresh purchases (including Systematic Investment Plans and Systematic Transfer Plans)/additional purchases/switches in any Schemes of our Mutual Fund would be allowed. However, existing Unit Holder(s) will be allowed to redeem their units from the Schemes of the Mutual Fund.
- b. If an existing Unit Holder(s) subsequently becomes a U.S. Person or Resident of Canada, then such Unit Holder(s) will not be able to

	<p>purchase any additional Units in any of the Scheme of the Fund. It shall be the obligation of the Unitholder to notify such change in his/her/its status to the AMC/ Mutual Fund.</p> <p>c. All existing registered Systematic Investment Plans and Systematic Transfer Plans along with related mandates would cease and stand cancelled from October 16, 2014.;</p> <p>d. In case Kotak Mutual Fund/Kotak AMC subsequently identifies that the subscription amount is received after the effective date from U.S. Person(s) or Resident(s) of Canada, in that case the AMC/Mutual Fund at its discretion shall redeem all the units held by such person from the Scheme of the Mutual Fund at applicable Net Asset Value.</p> <p>The Trustee/AMC reserves the right to change/modify the provisions mentioned above at a later date.</p>
<p><b>Minimum amount for purchase/redemption/s witches</b></p>	<ol style="list-style-type: none"> <li>1. Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund by paying applicable transaction handling charges and cash component in cash and by depositing basket of securities comprising S &amp; P BSE Sensex. Units may be allotted only realization of cheque where the full consideration for creation unit is paid by cheque and at the value at which the underlying stocks for the creation unit is purchased against that purchase request.</li> <li>2. The units are listed on BSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day.</li> </ol> <p>The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market.</p> <p><b>Minimum Redemption Amount:</b> All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange</p> <p>Mutual Fund will repurchase units from Authorised participants on any business day in creation size units. In certain circumstances, the AMC may allow Large investors to sell units in creation unit size directly to the AMC at applicable NAV and other transaction handling charges.</p>
<p><b>Minimum balance to be maintained and consequences of non maintenance</b></p>	<p>Not Applicable</p>
<p><b>How to Apply</b></p>	<p><b>For Authorised Participants &amp; Large Investors</b></p> <p>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 <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a>. Investors</p>



	<p>are also advised to refer to Statement of Additional Information before submitting the application form.</p> <p><b>Purchase from Stock Exchanges (applicable for Authorised Participants, Large Investors and other investor)</b></p> <p>An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However there would be cost of brokerage and other transactions costs (like STT) payable to broker or sub-broker of the exchange.</p> <p>Any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p> <p>All cheques and drafts should be crossed "Account Payee Only" and drawn in favour of “<b>Kotak Sensex ETF</b>”.</p> <p>Please refer to the SAI and Application form for the instructions.</p>
<p><b>Non acceptance of Third Party Cheques</b></p>	<p>Third Party Cheques will not be accepted by the Scheme.</p> <p><b>Definition of Third Party Cheques</b></p> <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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.</li> </ol> <p>However, afore-mentioned clause of investment with Third-Party Payment shall not be applicable for the below mentioned exceptional cases.</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. Custodian on behalf of an FII or a client.</li> </ol> <p>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.</p>

	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.
<b>Special Products available</b>	No Special Products available under the scheme
<b>Dividend</b>	<p>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</p> <p>Trustees may declare dividend subject to availability and adequacy of distributable surplus. If and when dividends are declared, dividends will be distributed to all unit holders registered on the registers of the depositories on the record date.</p> <p>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.</p>
<b>Redemption</b>	<p>Redemption proceeds in the form of basket of securities included in the S &amp; P BSE Sensex in the same proportion will be credited to the designated DP account of the AP/LI. Any fractions in the number of securities transferable to AP/LI will be rounded off to the lower integer and the value of the fractions will be added to the cash component payable. The cash component of the proceeds at the applicable NAV will be paid by way of cheque or direct credit as described in the next paragraph.</p> <p>Payment of proceeds in cash: AMC at its discretion may accept the request of AP/LI for payment of redemption proceeds in cash. If accepted, redemption proceeds will be paid by cheques, marked "Account Payee only" and drawn in the name of the sole holder/first-named holder (as determined 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 par at all the cities designated by the Fund from time to time. If the Unitholder resides in any other city/town, he will be paid by a Demand Draft payable at the city/town of his residence.</p> <p>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) when the unit balance is confirmed with the records of the depository, not later than 10 (Ten) Working Days from the date of redemption.</p> <p>Redemption proceeds may also be paid to the Unitholder in any other manner like through ECS, direct credit, RTGS, demand draft, etc as the AMC may decide, from time to time, for the smooth and the efficient functioning of the Scheme.</p> <p>Note: The mutual fund will rely on the address and the bank account details recorded in the depository system. Any changes to the address and bank account details can be made only through the depository system.</p>

<p><b>Redemption by NRIs/FIIs</b></p>	<p>Credit balances in the account of a NRIs/FIIs unit holder may be redeemed by such unit holder subject to any procedures laid down by the RBI.</p> <p>Payment to NRI/FII unit holder will be subject to the relevant laws/guidelines of RBI as are applicable from time to time (subject to deduction of tax at source as applicable).</p> <p>The Fund will not be liable for any delays or for any loss on account of exchange fluctuations while converting the rupee amount in US Dollar or any other currency.</p> <p><b>Note:</b> The mutual fund will rely on the NRI status and his account details as recorded in the depository system. Any changes to the same can be made only through the depository system.</p>
<p><b>Delay in payment of redemption / repurchase / dividend proceeds</b></p>	<p>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).</p>
<p><b>Bank A/c Details</b></p>	<p>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. The Bank Account details as mentioned with the Depository should be mentioned.</p> <p>If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected.</p>
<p><b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</b></p>	<p>Not Applicable</p>
<p><b>Restrictions, if any, on the right to freely retain or dispose of units being offered.</b></p>	<p>Units which are held in demat form shall be freely transferable under the depository system.</p>
<p><b>Listing</b></p>	<p>The units of the Scheme are listed on BSE on allotment under intimation to SEBI. It may also list on any other exchanges subsequently.</p> <p>AMC has proposed to engage AP for creating liquidity for ETFs in the stock exchange so that retail investors (investors other than AP and Large Investors) are able to buy or redeem units on the stock exchange using the services of a stockbroker.</p>
<p><b>Transaction Charges</b></p>	<p>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:</p>

	<p>(a) For existing investors (across mutual funds), the distributor shall be paid Rs. 100/- as transaction charge per subscription of Rs.10,000/- &amp; above.</p> <p>(b) For first time investors, (across Mutual Funds), the distributor may be paid Rs. 150/- as transaction charge for subscription of Rs.10,000/- &amp; above.</p> <p>(c) The transaction charge shall be deducted by Kotak AMC from the subscription amount &amp; paid to the distributor (will be subject to statutory levies, as applicable) &amp; the balance amount shall be invested.</p> <p>(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/- &amp; above. In such cases the transaction charge shall be recovered in first 3/4 successful installments.</p> <p>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.</p> <p>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.</p> <p><b>Transaction charges shall not be deducted/applicable for:</b></p> <ol style="list-style-type: none"> <li>1. Transaction other than purchases/subscriptions such as Switch/Systematic Transfer Plan (STP)/ Dividend Transfer Plan (DTP),etc.;</li> <li>2. Purchases/Subscriptions made directly with the Fund without any ARN code.</li> <li>3. Transactions carried out through the stock exchange platforms.</li> <li>4. Distributors who have chosen to 'Opt Out' of charging the transaction charge based on type of the product.</li> </ol> <p>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.</p>
<p><b>Accounts Statements:</b></p>	<p>The depository participant with whom the unitholder has a depository account will send a statement of transactions in accordance with the byelaws of the depository which will contain the details of transaction of units.</p> <p>Allotment of units and dispatch of Allotment Advice to FIIs will be subject to RBI approval, if required.</p> <p>Units allotted under this scheme are transferable subject to the provisions of the Depositories Act, SEBI (Depository and Depository</p>

	<p>Participant) Regulations, 1996 and other applicable provisions.</p> <p>Note: The fund house may not furnish separate accounts statement to the unitholders since the statement of accounts furnished by depository participant will contain the details of transactions in these units.</p>
<b>MF utility services for Investors</b>	<p>Kotak Mahindra Asset Management Company Ltd (“the AMC”) has entered into an Agreement with MF Utilities India Private Limited (“MFUI”), a “Category II – Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility (“MFU”) - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.</p> <p>Accordingly, all financial and non-financial transactions pertaining to Schemes of Kotak Mahindra Mutual Fund can be done through MFU either electronically on <a href="http://www.mfuonline.com">www.mfuonline.com</a> as and when such a facility is made available by MFUI or physically through the authorized Points of Service (“POS”) of MFUI with effect from the respective dates as published on MFUI website against the POS locations. The list of POS of MFUI is published on the website of MFUI at <a href="http://www.mfuindia.com">www.mfuindia.com</a> as may be updated from time to time. The Online Transaction Portal of MFU i.e. <a href="http://www.mfuonline.com">www.mfuonline.com</a> and the POS locations of MFUI will be in addition to the existing Official Points of Acceptance (“OPA”) of the AMC.</p> <p>The uniform cut-off time as prescribed by SEBI and as mentioned in the SID / KIM of respective schemes shall be applicable for applications received on the portal of MFUI i.e. <a href="http://www.mfuonline.com">www.mfuonline.com</a>. However, investors should note that transactions on the MFUI portal shall be subject to the eligibility of the investors, any terms &amp; conditions as stipulated by MFUI / Mutual Fund / the AMC from time to time and any law for the time being in force.</p> <p>Investors are requested to note that, MFUI will allot a Common Account Number (“CAN”), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU. Investors are requested to visit the websites of MFUI or the AMC to download the relevant forms</p>
<b>Foreign Account Tax Compliance</b>	<p>FATCA is an acronym for Foreign Account Tax Compliance Act (“FATCA”), 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</p>

	<p>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.</p>
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## B. Periodic Disclosures

<p><b>Net Asset Value</b></p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The Kotak Sensex ETF units are listed on BSE and all purchase and sale of units by investors other than Authorised Participants and Large Investors will be done on the stock exchange. The NAV has a reference value for investors and will be useful for Authorised Participants for offering quotes on the Stock Exchange.</p> <p>The Mutual Fund shall update the Net asset value of the scheme on every Business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 9.00 p.m.</p> <p>The NAVs shall also be updated on the website of the Mutual Fund <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a> and will be published in two newspapers having nationwide circulation on every business day.</p> <p>Delay in uploading of NAV beyond 9.00 p.m. on every 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 business day due to any reason, a press release for revised NAV shall be issued.</p> <p>The AMC may also calculate intra-day indicative NAV (computed based on snapshot prices received from BSE) and will be updated during the market hours on its website <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a>. Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</p>
<p><b>Half yearly Disclosures: Portfolio / Financial Results</b></p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated</p>	<p>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 31<sup>st</sup> of March and the 30<sup>th</sup> 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 <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a></p>

in portfolio disclosures.																							
<b>Half Yearly Results</b>	<p>The soft copy of unaudited financial results shall within one month from the close of each half year i.e. 31<sup>st</sup> of March and the 30<sup>th</sup> of September, be hosted on the website <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a> and will be sent to AMFI for posting on its website <a href="http://www.amfiindia.com">www.amfiindia.com</a> .</p> <p>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.</p>																						
<b>Annual Report</b>	<p>Pursuant to SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, Annual report or Abridged Summary will be available on <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a> 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 &amp; 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 <a href="http://assetmanagement.kotak.com">assetmanagement.kotak.com</a>.</p>																						
<b>Associate Transactions</b>	Please refer to Statement of Additional Information (SAI).																						
<p><b>Taxation:</b> 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.  (Equity schemes)</p>	<table border="1"> <thead> <tr> <th colspan="4"><b>Applicable tax rates (Refer Notes) based on prevailing tax laws</b></th> </tr> <tr> <th rowspan="2"></th> <th colspan="2"><b>Unit holder</b></th> <th rowspan="2"><b>Mutual Fund</b></th> </tr> <tr> <th>Resident</th> <th>FII</th> </tr> </thead> <tbody> <tr> <td>Tax on Dividend</td> <td>NIL</td> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>Short Term Capital Gain</td> <td>15%</td> <td>15%</td> <td>NIL</td> </tr> <tr> <td>Long Term Capital Gain</td> <td>NIL</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table> <p>Note (1) : The above rates would be increased by a surcharge of :</p> <p>(a) In case of resident domestic corporate unit holders:</p> <ul style="list-style-type: none"> <li>- 7% where the total income exceeds Rs.10,000,000 but less than / equal to Rs. 100,000,000 or</li> <li>- 12% where the total income exceeds Rs.100,000,000</li> </ul> <p>(b) In case of FII holders and Foreign Companies:</p> <ul style="list-style-type: none"> <li>- 2% where the total income exceeds Rs.10,000,000 but less than / equal to Rs. 100,000,000 or</li> <li>- 5% where the total income exceeds Rs.100,000,000</li> </ul>	<b>Applicable tax rates (Refer Notes) based on prevailing tax laws</b>					<b>Unit holder</b>		<b>Mutual Fund</b>	Resident	FII	Tax on Dividend	NIL	NIL	NIL	Short Term Capital Gain	15%	15%	NIL	Long Term Capital Gain	NIL	NIL	NIL
<b>Applicable tax rates (Refer Notes) based on prevailing tax laws</b>																							
	<b>Unit holder</b>		<b>Mutual Fund</b>																				
	Resident	FII																					
Tax on Dividend	NIL	NIL	NIL																				
Short Term Capital Gain	15%	15%	NIL																				
Long Term Capital Gain	NIL	NIL	NIL																				

	<p>(c) In case of resident and non-resident non-corporate unit holders being individual, HUF, AOP, BOI and artificial juridical person: - 15% where the total income exceeds Rs.10,000,000</p> <p>(d) 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</p> <p>Further, an additional surcharge of 3% (Education cess of 2% and Secondary &amp; Higher education Cess of 1%) would be charged on the amount of tax inclusive of surcharge for all unit holders.</p> <p>Under section 10(23D) of the Income tax Act, 1961, income earned by a Mutual Fund registered with SEBI is exempt from income tax.</p> <p>Since, the scheme in this SID, qualify as an equity oriented fund, Securities Transaction tax is payable by the unit holders on redemption / repurchase of units by the Fund at 0.001% of sale/redemption value w.e.f. 1 June, 2013. Prior to this date, STT on the same was chargeable at 0.25%.</p> <p><b>For further details on taxation please refer to the clause on taxation in the SAI</b></p>
<b>Investor services</b>	<p><b>Mr. R. Chandrasekaran</b>  <b>Kotak Mahindra Asset Management Company Limited</b>  6<sup>th</sup> Floor, Kotak Towers, Building No.21,  Infinity Park, Off: Western Express Highway  Goregaon - Mulund Link Road, Malad (East), Mumbai 400097  Phone Number: 66056825 Fax: 6638 4455  e-mail: <a href="mailto:mutual@kotak.com">mutual@kotak.com</a></p>

### 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 four decimals



The AMC may also calculate intra-day indicative NAV and publish the same on its website [assetmanagement.kotak.com](http://assetmanagement.kotak.com). Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.

## V. 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 maximum TER shall not exceed 1.50% of daily Net Assets.

### Total Expense Ratio for the schemes

The AMC has estimated the above given recurring expenses, for each scheme. Total expense ratio of each 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.

Expenses Structure	% of daily Net Assets
Investment Management and Advisory Fees	Upto 1.50%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Service tax on expenses other than investment and advisory fees	
Service tax on brokerage and transaction cost	
Other Expenses	

<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6)(c) (i) and (6) (a)</b>	<b>Upto 1.50%</b>
Additional expenses under regulation 52 (6A) (c)	Upto 0.20%
Additional expenses for gross new inflows from specified cities	Upto 0.30%

**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.

**Additional expenses which may be charged to the Schemes:**

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 and 0.05 per cent in case of derivatives transactions. Any payment towards brokerage and transaction cost, over and above the said 12 bps and 5bps for cash market transactions and derivatives transactions respectively 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](http://assetmanagement.kotak.com) or may call at 1800-22-2626 or your distributor.

#### **Entry Load: Nil**

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: Nil**

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.

The Trustee reserves the right to change the load structure of the Scheme on a prospective basis. Should the Trustee, on any date, decide to change the load structure, it will be on a prospective basis and investments made by Unitholders prior to such date will continue to attract the loads applicable prior to such change.

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.

Any imposition or enhancement in load shall be applicable on a prospective basis. The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and key information memoranda already in stock. Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office. The introduction of the exit load/ CDSC alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load/CDSC. 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 SID already in stock till it is updated.

**a. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

**VII. 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**

<b>SEBI Requirements</b>	<b>Response</b>
<p>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 share holders or debenture holders and depositors, or for economic offences, or for violation of securities law.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>

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 their meeting held on January 8, 2008.



### III. COMPUTER AGE MANAGEMENT SERVICES PRIVATE LIMITED (CAMS) - TRANSACTION POINT (Cont.)

Pidamaneri Road, Near Indoor Stadium, Dharmapuri - 636701. **Dhule** : H No. 1793 / A, J B Road, Near Tower Garden, Dhule - 424001. **Erode** : 197, Seshaiyer Complex, Agraharam Street, Erode - 638001. **Faizabad** : Amar Deep Building, 3/20/14, 2nd Floor, Niyawan, Faizabad-245001 **Faridabad** : B-49, 1st Floor, Nehru Ground, Behind Anupam Sweet House, NIT, Faridabad - 121001. **Gandhidham** : S-7, Ratnakala Arcade, Plot No. 231, Ward - 12/B, Gandhidham - 370201. **Ghaziabad** : 113/6, 1st Floor, Navyug Market, Ghaziabad - 201001. **Gondal** : A/177 Kailash Complex Opp. Khedut Decor GONDAL - 360311. **Gorakhpur** : Shop No. 3, 2nd Floor, Cross Road, A.D. Chowk, Bank Road, Gorakhpur - 273001. **Gulbarga** : Pal Complex, 1st Floor, Opp City Bus Stop, Super Market, Gulbarga - 585101. **Guntur** : Door No 5-38-44, 5/1 BRODIPET, Near Ravi Sankar Hotel, Guntur - 522002. **Gurgoan** : SCO - 17, 3rd Floor, Sector-14, Gurgoan - 122001. **Guwahati** : A K Azad Road, Rehabari, Guwahati - 781008. **Gwalior** : G-6, Global Apartment Phase - II, Opposite Income Tax Office, Kailash Vihar City Centre, Gwalior - 474011. **Haldia** : 1st Floor, New Market Complex, Durgachak Post Office, Purba Medinipur District, Haldia - 721602. **Haldwani** : Durga City Centre, Nainital Road, Haldwani - 263139. **Hazaribagh** : Municipal Market, Annada Chowk, Hazaribagh - 825301. **Himmatnagar** : D-78, 1st Floor, New Durga Bazar, Near Railway Crossing, Himmatnagar - 383001. **Hisar** : 12, Opp Bank of Baroda, Red Square Market, Hisar - 125001. **Hoshiarpur** : Near Archies Gallery, Shimla Pahari Chowk, Hoshiarpur - 146001. **Hosur** : No.9/2, 1st Floor, Attibele Road, HCF Post, Behind RTO office, Mathigiri, Hosur - 635 110. **Hubli** : 206 & 207, 1st Floor, A-Block, Kundagol Complex, Opp Court, Club road, Hubli - 580029. **Jabalpur** : 8, Ground Floor, Datt Towers, Behind Commercial Automobiles, Napier Town, Jabalpur - 482001. **Jalandhar** : 367/8, Central Town, Opp. Gurudwara Diwan Asthan, Jalandhar - 144001. **Jalgaon** : Rustomji Infotech Services, 70, Navipeth, Opp old Bus Stand, Jalgaon - 425001. **Jalna** : (Parent ISC - Aurangabad) : Shop No. 11, 1st Floor, Ashoka Plaza, Opp Magistic Talkies, Subhash Road, Jalna - 431203. **Jamnagar** : 207, Manek Centre, P N Marg, Jamnagar - 361001. **Jamshedpur** : Millennium Tower, Room No. 15, 1st Floor, R - Road, Bistupur, Jamshedpur - 831001. **Jhansi** : Babu Lal Karkhana Compound, Opp SBI Credit Branch, Gwalior Road, Jhansi - 284001. **Jodhpur** : 1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur - 342003. **Jammu** : JRDS Heights, Lane Opp. S&S Computers, Near RBI Building, Sector 14, Nanak Nagar Jammu - 180004. **Junagadh** : Circle Chowk, Near Choksi Bazar Kaman, Gujarat Junagadh - 362001. **Kadapa** : Door No.: 21/598, Palempapaiah Street, Near Ganjikunta Pandurangiah Dental Clinic, 7 Road Circle, Kadapa - 516001. **Kakinada** : No.33-1, 44 Sri Sathya Complex, Main Road, Kakinada - 533 001. **Kalyani** : A - 1/50, Block - A, Dist Nadia Kalyani - 741235. **Kannur** : Room No. 14/435, Casa Marina Shopping Centre, Talap, Kannur - 670004. **Karimnagar** : H No. 7-1-257, Upstairs S B H, Mangammthota, Karimnagar - 505001. **Karnal** : (Parent :Panipat TP) : 7, 1lnd Floor, Opp Bata Showroom, Kunjapura Road, Karnal - 132001. **Karur** : 126 GVP Towers, Kovai Road, Basement of Axis Bank, Karur - 639002. **Katni** : NH 7, Near LIC, Jabalpur Road, Bargawan, Katni - 483501. **Kestopur** : S. D. Tower, Sreeparna Apartment, AA-101, Prafulla Kannan (West) Shop No - 1M, Block - C (Ground Floor), Kestopur, - 700101. **Khammam** : 1st Floor, Shop No 11 - 2 - 31/3, Philips Complex, Balajinagar, Wyr Road, Near Baburao Petrol Bunk, Khammam - 507001. **Kharagpur** : Shivhare Niketan, H No 291/1, Ward No 15, Opposite UCO Bank, Kharagpur - 721301. **Kolhapur** : AMD Sofex Office No.7, 3rd Floor, Ayodhya Towers, Station Road, Kolhapur - 416001. **Kollam** : Kochupilamoodu Junction, Near VLC, Beach Road, Kollam - 691001. **Kota** : B-33, Kalyan Bhawan, Triangle Part, Vallabh Nagar, Kota - 324007. **Kottayam** : Building No: KMC IX / 1331 A, Opp.: Malayala Manorama, Railway Station Road, Thekkumkattil Building Kottayam - 686 001. **Kumbakonam** : Jailani Complex, 47, Mutt Street, Kumbakonam - 612001. **Kurnool** : H.No.43/8, Upstairs, Uppini Arcade, N R Peta, Kurnool - 518004. **Malda** : Daxhinapan Abasan, Opp Lane of Hotel Kalinga, S M Pally, Malda - 732101. **Manipal** : Basement floor, Academy Tower, Opposite Corporation Bank, Manipal - 576104. **Mapusa** : (Parent ISC : Goa) : Office No.CF-8, 1st Floor, Business Point, Above Bicholim Urban Co-op Bank, Angod, Mapusa - 403507. **Margao** : Virginkar Chambers, 1st Floor, Near Kamath Milan Hotel, New Market, Near Lily Garments, Old Station Road, Margao - 403601. **Mathura** : 159/160, Vikas Bazar, Mathura - 281001. **Meerut** : 108, 1st Floor, Shivam Plaza, Opp Eves Cinema, Hapur Road, Meerut - 250002. **Mehsana** : 1st Floor, Subhadra Complex, Urban Bank Road, Mehnsana - 384002. **Moga** : Gandhi Road, Opp Union Bank of India, Moga - 142001. **Moradabad** : H 21-22, 1st Floor, Ram Ganga Vihar Shopping Complex, Opposite Sale Tax Office, Moradabad - 244001. **Mumbai (Andheri)** : CTS No 411, Citipoint, Gundivali, Teli Gali, Above C.T. Chatwani Hall, Andheri (East) Mumbai - 400 069. **Muzzafarpur** : Brahman Toli, Durga Asthan Gola Road, Muzaffarpur - 842001. **Mysore** : No.1, 1st Floor, CH.26 7th Main, 5th Cross, (Above Trishakthi Medicals), Saraswati Puram, Mysore - 570009. **Nadiad** : F 142, First Floor, Gantakaran Complex, Gunj Bazar, Nadiad - 387001. **Nalgonda** : Adj. to Maisaiah Statue, Clock Tower Center, Bus Stand Road, Nalgonda - 508001. **Nashik** : Ruturang Bungalow, 2 Godavari Colony, Behind Big Bazar, Near Boys Town School, Off College Road, Nashik - 422005. **Navsari** : Dinesh Vasani & Associates, 103 - Harekrishna Complex, above IDBI Bank, Near Vasant Talkies, Chimmnabai Road, Navasari - 396445. **Nellore** : 97/56, 1st Floor, Immadisetty Towers, Ranganayakulapet Road, Santhapet, Nellore - 524001. **Noida** : C-81, 1st Floor, Sector No 2, Noida - 201301. **Palakkad** : 10 / 688, Sreedevi Residency, Mettupalayam Street, Palakkad - 678001. **Palanpur** : Jyotindra Industries Compound, Near Vinayak Party Plot, Deesa Road, Palanpur - 385001. **Panipat** : 83, Devi Lal Shopping Complex, Opp ABN Amro Bank, G T Road, Panipat - 132103. **Patiala** : 35, New Lal Bagh Colony, Patiala - 147001. **Pondicherry** : S-8, 100, Jawaharlal Nehru Street, (New Complex, Opp. Indian Coffee House), Pondicherry - 605001. **Raibareli** : 17, Anand Nagar Complex, Raibareli - 229001. **Raipur** : HIG, C-23, Sector - 1, Devendra Nagar, Raipur - 492004. **Rajahmundry** : Cabin 101, D No. 7-27-4, 1st Floor, Krishna Complex, Baruvari Street, T Nagar, Rajahmundry - 533101. **Rajkot** : Office 207 - 210, Everest Building, Harihar Chowk, Opp Shastri Maidan Limda Chowk Rajkot - 360001. **Ranchi** : 4, HB Road, No: 206, 2nd Floor Shri Lok Complex, Ranchi - 834 001. **Ratlam** : Dafria & Co., 18, Ram Bagh, Near Scholar's Schoo, Ratlam - 457001. **Ratnagiri** : Kohinoor Complex, Near Natya Theatre, Nachane Road, Ratnagiri - 415639. **Rohtak** : 205, 2nd Floor, Bldg. No. 2, Munjal Complex, Delhi Road, Rohtak - 124001. **Roorkee** : 22 Civil Lines, Ground Floor, Hotel Krish Residence Roorkee - 247667. **Rourkela** : 1st Floor, Mangal Bhawan, Phase II, Power House Road, Rourkela - 769001. **Sagar** : Opp. Somani Automoblies, Bhagwanganj, Sagar - 470002. **Saharanpur** : 1st Floor, Krishna Complex, Opp. Hathi Gate, Court Road, Saharanpur - 247001. **Salem** : No. 2, 1st Floor, Vivekananda Street, New Fairlands, Salem - 636016. **Sambalpur** : C/o Raj Tibrewal & Associates, Opp. Town High School, Sansarak, Sambalpur - 768001. **Sangli** : Jiveshwar Krupa Bldg, Shop. NO.2, Ground Floor, Tilak Chowk, Harbhat Road, Sangli - 416416. **Satara** : 117 / A / 3 / 22, Shukrawar Peth, Sargam Apartment, Satara - 415002. **Shahjahanpur** : Bijlipura, Near Old Distt Hospital, Shahjahanpur - 242001. **Shimla** : 1st Floor, Opp Panchayat Bhawan Main Gate, Bus Stand, Shimla - 171001. **Shimoga** : Nethravathi, Near Gutti Nursing Home, Kuvempu Road, Shimoga - 577201. **Siliguri** : 17B Swamiji Sarani, Siliguri - 734001. **Sirsa** : Gali No1, Old Court Road, Near Railway Station Crossing, Sirsa - 125055. **Solan** : 1st Floor, Above Sharma General Store, Near Sanki Rest house, The Mall, Solan - 173212. **Solapur** : Flat No 109, 1st Floor, A Wing, Kalyani Tower, 126 Siddheshwar Peth, Near Pangal High School, Solapur - 413001. **Sriganganagar** : 18 L Block, Sri Ganganagar - 335001. **Srikakulam** : Door No 4-4-96, First Floor, Vijaya Ganapathi Temple Back Side, Nanubala Street, Srikakulam - 532001. **Sultanpur** : 967, Civil Lines, Near Pant Stadium, Sultanpur - 228001. **Surat** : Plot No.629,2nd Floor, Office No.2-C/2-D, Mansukhlal Tower, Beside Seventh Day Hospital, Opp.Dhiraj Sons, Athwalines, Surat - 395001. **Surendranagar** : 2 M I Park, Near Commerce College, Wadhwan City, Surendranagar - 363035. **Thane** : 3rd Floor, Nalanda Chambers, "B" Wing, Gokhale Road, Near Hanuman Temple, Naupada, Thane (West) - 400 602. **Thiruppur** : 1(1), Binny Compound, 2nd Street, Kumaran Road, Thiruppur - 641601. **Thiruvalla** : 24/590-14, C.V.P Parliament Square Building, Cross Junction, Thiruvalla - 689101. **Tinsukia** : Sanairan Lohia Road, 1st Floor, Tinsukia - 786125. **Tirunelveli** : 1st Floor, Mano Prema Complex, 182 / 6, S N High Road, Tirunelveli - 627001. **Tirupathi** : Shop No : 6, Door No: 19-10-8, (Opp to Passport Office), AIR Bypass Road, Tirupathi - 517501. **Trichur** : Room No. 26 & 27, Dee Pee Plaza, Kokkalai, Trichur - 680001. **Trichy** : No 8, 1st Floor, 8th Cross West Extn, Thillainagar, Trichy - 620018. **Trivandrum** : R S Complex, Opposite of LIC Building, Pattom PO, Trivandrum - 695004. **Tuticorn** : 1 - A / 25, 1st Floor, Eagle Book Centre Complex, Chidambaram Nagar Main, Palayamkottai Road, Tuticorn - 628008. **Udaipur** : 32 Ahinsapuri, Fatehpura Circle, Udaipur - 313004. **Ujjain** : 123, 1st Floor, Siddhi Vinayaka Trade Centre, Saheed Park, (Madhya Pradesh), Ujjain - 456010. **Unjha** : (Parent: Mehnsana) : 10/11, Maruti Complex, Opp. B R Marbles, Highway Road, Mehnsana, Unjha - 384170. **Valsad** : Gita Niwas, 3rd Floor, Opp. Head Post Office, Halar Cross Lane, Valsad - 396001. **Vapi** : 208, 2nd Floor HEENA ARCADE, Opp. Tirupati Tower, Near G.I.D.C. Char Rasta, Vapi - 396195. **Varanasi** : Office no 1, Second floor, Bhawani Market, Building No. D-58/2-A 1, Rathayatra, Beside Kuber Complex, Varanasi - 221010. **Vellore** : No.1, Officer's Line, 2nd Floor, MNR Arcade, Opp. ICICI Bank, Krishna Nagar, Vellore - 632001. **Warangal** : A. B. K Mall, Near Old Bus Depot road, F-7, 1st Floor, Ramnagar, Hanamkonda, Warangal - 506001. **Yamuna Nagar** : 124-B/R Model Town, Yamunanagar - 135001. **Yavatmal** : Pushpam, Tilakwadi, Opp Dr Shrotri Hospital, Yavatmal - 445001.