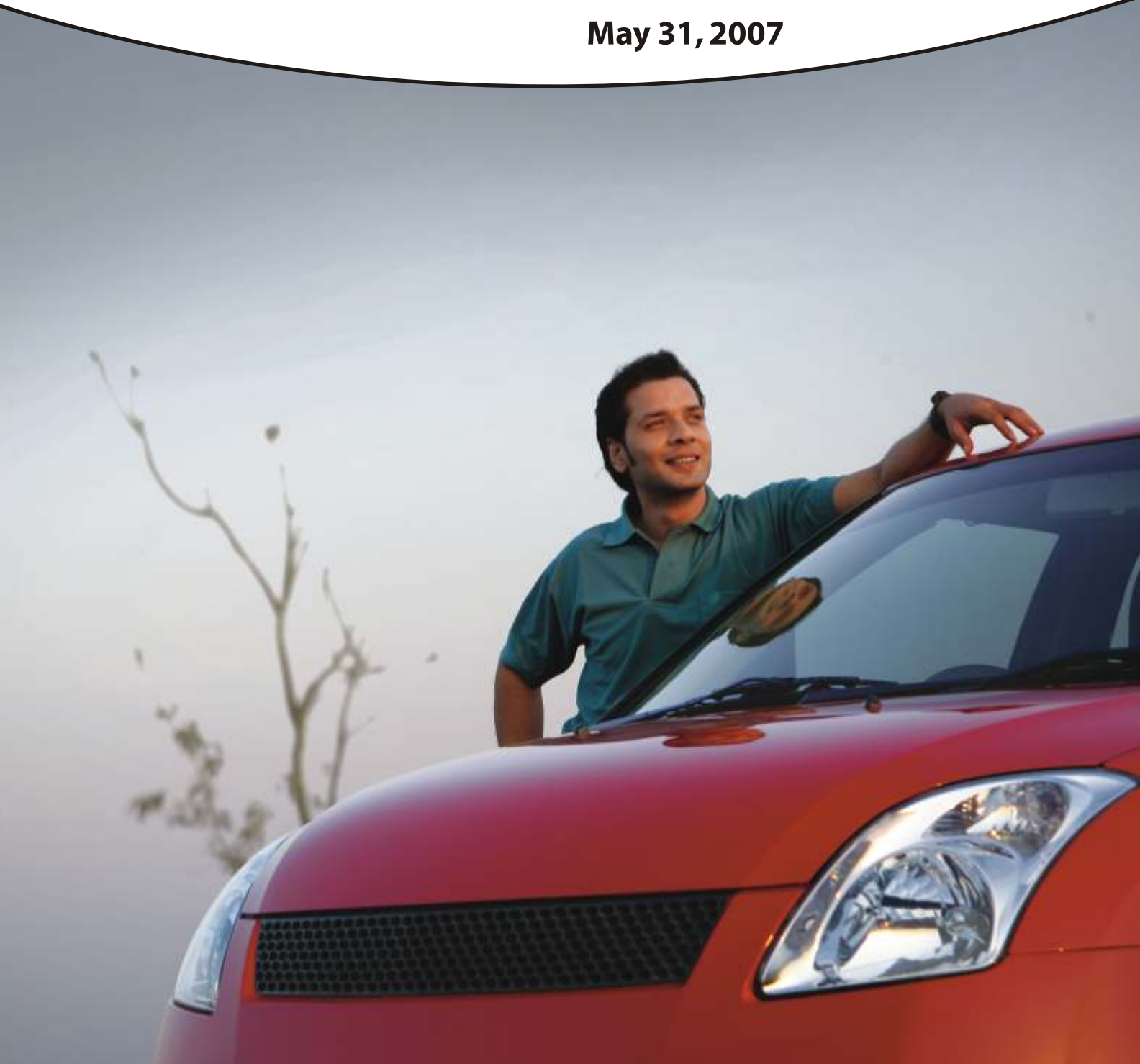


May 31, 2007



**Samrat just bought himself a new car.
You're probably as excited as he is.**

KOTAK LIFESTYLE

**The more people spend,
the more our investors earn.**

Invest in Kotak Lifestyle and ride the sectors that benefit from the changing lifestyle. Be it Travel, Auto, Retail or Entertainment... everyone's spending. For you.

Scheme Highlights on Page 5, Risk Factors on Page 16.



Dear Friends,

There is one basic underlying query in every investor's mind viz: how to time the market. This curiosity, in my opinion, highlights the perception prevalent among the section of the investor community that places high regard for such an approach. It indicates apprehension in the mind of

such investors about the effectiveness of investments as timing is given more weightage per-se than investment itself.

While not challenging the veracity of this strategy, I am of the view that there exists a degree of opportunity cost to it. It has been observed that such investors who wait for an appropriate time for investment in market miss a significant rally during the bull-run. While during the corrective phase, the pessimism is so acute that many among the same set of retail investors for most part choose to stay out of the market. Also as the efficiency of the stock market lies in its random behavior dependent on the various systemic and unsystemic factors, the market prediction in such circumstance is largely an efficient guess.

This also has a case in point for mutual funds industry participants since it underlines the need for more information dissemination and investor education to enable them to better strategize their investment plan. For one, SIP is the one of the most effective ways in which the concerns regarding market volatilities and its timing can be met. And it is important that investors are convinced about it.

Talking of opportunity, the markets have seen a steady climb in last two months, rising by more than 16% since April. This performance, among others, is attributable to in-line corporate results and absence of any negative surprise. Also, the tapering of inflation has provided a welcome relief to many market participants in interest-rate sensitive sectors like realty, capital goods, construction and infrastructure sector, leading to renewal of buying interest in these sectors and boosting their valuations.

But most importantly, the current bull-run in the stock market has been largely a function of increasing liquidity in the market. To give you a perspective, the number of securities traded on NSE has increased only nominally in the past two months. But the average volume of trade (in value) has increased by more than 23% since March and by 17% since April. The average number of trades carried out since previous month has also increased by more than 12%. All this points out towards increasing inflow of capital to own the equity assets traded in the market. It however remains to be seen how the liquidity situation will prevail once the major IPOs in June would have mopped up the significant portion of the capital as also outflow on account of advance tax payments.

Going by the recent events in the stock market and taking guidance from the newly released economic report for Q4 2007, it will be safe to make some conclusions about the growth trends. With GDP growing by 9.4% for FY07 despite the high inflation and increasing interest rates, the growth outlook for FY08 and FY09 remains encouraging.

In fact, as per an analytical report, the FY08 growth estimate remains only a tad lower to the current growth rate - pegged at 9.3%. Also, with the inflation trends nearing its peak, the GDP growth seems sustainable with trade and communications, manufacturing, and financial sector increasingly taking the lead.

To my mind clearly the question is no longer that of growth but, of increasing the investor participation and investor base as since only with increased distribution of wealth can the consumption be sustained and consequently growth itself.

Regards

Sandesh Kirkire

Chief Executive Officer.

Before investing, please read the Offer Document.

From the Equity Fund Management Team

Growth Momentum Continues

Indian economy grew at 9.1% during the quarter ended March 2007 taking the overall GDP growth rate for FY 2006-07 to 9.4%. The economic growth recorded in the year reaffirms Indian growth story and maintains India as second fastest growing economy next only to China and offers investors to participate and benefit from the growth. The growth rate recorded during the year in 2006-07 is second highest in Indian history (previous high being 10.5% in 1988-89) and has helped the economy to grow at average rate of 7.64% in the Tenth plan (2000-2007).

In terms of absolute size, Indian economy has grown to cross level of US \$1 trillion. The GDP growth has been coupled with increase in Savings & Investment rate as a % of GDP to 32.4% & 33.8% respectively. A heartening sign for the economy is also the increase in Agriculture & Industry growth rate (led by manufacturing and construction) segments. The latest available data for March 2007 shows 12.9% growth in Industrial production.

The healthy economic growth has resulted in a strong growth in earnings as reflected in an increase of 47% in profits for the year FY 2007 in respect of 1700 companies. A positive feature of this growth is that it is supported by both increases in volumes as well as expansion in margins.

Good results by corporate sector and increasing risk appetite globally provided a major boost to the domestic equities during the month. For the month Sensex reported gain of 4.84% to close at 14544 and CNX Midcap reported rise of 7.6% to close at 5644. FIs were major buyers with net inflows for the month being US\$ 1.1 bn. Mutual funds were net buyers with inflows at Rs. 17.83 bn (upto May 30).

Key Events during the month

- BSP led by Ms. Mayawati won the Uttar Pradesh (UP) state assembly elections with an absolute majority, contrary to all exit polls, which were pointing a hung assembly. UP elections have given majority verdict to a single party for first time since 1991.
- Finance Minister has partly relaxed the specific excise duty of Rs600/ton on cement sold at more than Rs190 a bag (of 50 kg) to be replaced with an ad valorem duty of 12% and also relaxed the export tax on iron ore.
- Finance Minister indicated that government may take more fiscal steps to contain inflation to 4-4.5% level targeted by RBI. Further, the government indicated that steps like reduction in customs duties could be taken to check rising prices. Inflation for the week ended May 19 was at 5.06%.
- Union IT and communication minister Dayanidhi Maran resigned from the Cabinet after DMK withdrew his nomination.

Corporate developments

During the month, Indian corporates continued their global growth aspirations with acquisition of White & Mackay by United Spirits for nearly US \$ 1.2 bn, of RE Power by Suzlon for US \$ 1.6 bn & of Taro Pharma by Sun Pharmaceutical for US \$ 454 mn. Domestic airline industry saw a further consolidation with Kingfisher Airlines taking a 26% stake in Air Deccan.

Some other notable developments during the month were

- Tata Tea sold off its investments in US company Glaceau to Coca Cola for US \$ 1.2 bn. Tata Tea having acquired the stake very recently in October 2006 at US \$ 0.67 bn, made a capital gain of US \$ 0.52 bn.
- Bajaj Auto Board announced its plan to demerge its businesses into 3 different companies (wherein a holding company will be created that will own 30% in other two companies engaged in auto business & financial service business). As a part of the demerger announcement the company also informed investors regarding the valuation arrangement with Allianz for its stake in insurance JVs.
- HDFC announced plans to raise Rs. 31 bn in capital by offering shares on a preferential to Carlyle group & Citigroup at a price of Rs. 1730 per share.
- HDFC Bank also announced plans to raise US \$ 1 bn in capital by offering shares to HDFC on a preferential basis at Rs. 1023 per share (increasing stake to 23%) and to other investors by way of a offering in markets.
- Viacom Inc and the TV18 Group announced the creation of a new 50-50 joint venture, called Viacom-18, to build India's leading multi-platform entertainment company.

Market Outlook

As majority of the large companies have declared results, a major uncertainty is over for the market. We therefore expect domestic equities to behave in line with the global trends.

The equity markets in the near term may be impacted on account of supply of fresh equity by various corporates (DLF, ICICI Bank, HDFC Bank etc.) This fresh supply of equity may act as a resistant to markets reaching higher levels as the liquidity will be absorbed in primary markets rather than in secondary markets. Another area of concern for markets is the impact of rupee appreciation on profitability of IT companies. While the IT majors have given a good guidance based on the volume growth expectations, appreciation in the rupee may act as a speed-breaker to growth in earnings for the companies.

From the Debt Fund Management Team

Major Economic indicators

	Current Month#	Last Month	Change
Inflation (19/May/07)	5.06%	6.09%	-1.03%
WPI (Points)	211.9	210.9	0.47%
10 YR IGB (Yield)	8.07%	8.17%	-0.10%
10 YR UST (Yield)	4.95%	4.64%	0.31%
Avg. LAF Bal. With RBI under Reverse Repo (Rs. cr)	0	1207	-1207
USD/INR (01/Jun/07)	40.55	41.19	-1.55%
India's Forex Reserve (billion \$) (25/May/07)	204.93	203.88	1.05

#Current reported period in the month

The month of May saw volatile movement in gilt prices, with the yield on 10 year sovereign bond trading in the range of 8.10% - 8.16%, before settling at 8.07% on month end. At the start of the month the 10-year yield was at 8.15%.

During the previous month, the liquidity in the system had a see-saw movement with the month starting with excess liquidity. The second and the third week saw the system being net borrower with liquidity in the system being sucked out by the GILT auction and MSS bond issuances amounting to Rs.18000 crores. However, as the month drew to the end, the system was positive again with redemption and coupon payments amounting to Rs. 23,000 and increased government spending coupled with some RBI intervention in the forex market.

The inflation for the whole month declined close to a percentage from 6.09% to 5.06%. This was a result of high base effect, cheaper food and primary articles. As a result, the whole month saw that the traders in the G-sec market playing with the sentiments and the uncertainty over the central banks action, thus prices moving in both the directions.

On the global front, The Bank of England raised its key interest rate by 25 bps to 5.50%, the highest level since 2001, after British inflation soared to a 10-year high in March. In March the inflation had spiked to 3.1% against its comfort of 2%. In its statement, the BoE said that, relative to the 2.0% target, the risks to the outlook for inflation in the medium term consequently remain tilted to the upside.

On the other hand, the ECB left its refinance rate unchanged at 3.75% as expected by the market. In March, broad M3 money supply rose 10.9% on the year, the fastest pace in 24 years. In the past, Trichet had said "vigorous" money and credit growth point to upward price stability risks and developments require "very careful monitoring." This reinforced the view that the ECB could hike rates, when it meets next on June 6.

The People's Bank of China continued to remain preemptive against inflationary pressures in the world's fourth largest economy, tightening domestic monetary policy. In effort to cool the economy, the central bank raised the benchmark for one-year lending rates by 0.18 percentage points to 6.57% and hikes the deposit rate by 0.27 percentage points to 3.06%. The banks' reserve requirement ratio will be raised by 0.5 percentage points to 11.5 percent, effective from June 5, the central bank said. The central bank has also widened the trading range of its currency to 0.5% on either side of the daily reference rate against the dollar from a previous 0.3% with effect from Monday. This could lead to a faster appreciation of the Yuan, given the upward pressure already on the Chinese currency.

While in the U.S., treasury yield raised around 35 basis from 4.65% to 4.95% due to higher non-farm payroll data and good ISM Manufacturing index. Non-farm payroll reading for March came higher than expected to 157k against expectations of a rise to 132k and the ISM Manufacturing index came to 55.0 against expectations of 54. The sentiment in the Treasury market suffered due to rallying stock market and fading prospects of interest rate cut by the federal reserve, with the investors pulled money out of government bonds in favour of equities in search of higher returns. This caused the yield on treasuries to spike, with the 10yr US treasury yield to end the month at 4.95%.

On the domestic front, the industrial output recorded a growth of 12.9% during March, powered by a 14.1% year on year increase in the manufacturing sector. According to the index of Industrial Production data released by the Central Statistical Organisation, industry on a whole grew by 11.30% during the fiscal ended March 2007 against the corresponding average of 8.20% for 2005-06. The Gross domestic product in the march grew 9.10% from a year earlier, slightly below market expectations of 9.40%, but quicker than the upwardly revised 8.70% in the October-December quarter.

Outlook

The move by the Indian Government and Central bank resulting in an outflow of Rs. 17000 crs. under the bond auction and MSS is expected to normalize after a week of excess liquidity in the system. However, if the liquidity still remains easy then there are chances of a CRR hike announcement by the central bank. Although higher base effect shall help keep inflation lower. We expect the yield on 10-year sovereign bond trading in the range of 8.00% - 8.20%.

Source of information :

- www.rbi.org.in • www.sebi.gov.in • www.eaindstry.nic.in • Bloomberg
- Moneyline telerate • Economic Times • Reuters

Assets under Management as on May 31, 2007 - Rs. 17262.72 Crores

KOTAK 30

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To generate capital appreciation from a portfolio of predominantly equity and equity related securities with investment in, generally, not more than 30 stocks.
 • **Available Options** - DP, DR & G • **Fund Manager** - Krishna Sanghvi • **Loads - Entry** : ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% - **Exit** : ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment**: In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus**: Rs. 472.32 crores • **Ratios**: Beta*: 0.92
 Sharpe*: 0.53 *Source : Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (Dec 29, 1998)
Kotak 30*	29.7	49.0	46.2	31.4
S&P CNX Nifty	39.9	42.5	33.1	20.8

Kotak 30 NAV : Rs.35.8060 (Div. Option)

* Returns assumed reinvestment of the tax free dividend declared. Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate) Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Reliance Industries Ltd.	Petroleum Products	8.19
Bharti Airtel Ltd.	Telecom - Services	7.03
Larsen And Toubro Ltd.	Industrial Capital Goods	6.48
State Bank Of India	Banks	4.62
Reliance Communications Ltd.	Telecom - Services	4.55
Oil & Natural Gas Corporation Ltd.	Oil	4.31
Bharat Heavy Electricals Ltd.	Industrial Capital Goods	4.30
Tata Consultancy Services Ltd.	Software	4.22
ICICI Bank Ltd.	Banks	3.99
Infosys Technologies Ltd.	Software	3.87
Tata Steel Ltd.	Ferrous Metals	3.08
Hindustan Lever Ltd.	Diversified	3.01
Hcl Technologies Ltd.	Software	2.99
ITC Ltd.	Consumer Non Durables	2.95
Jaiprakash Associates Ltd	Construction	2.71
HDFC Bank Ltd.	Banks	2.67
Grasim Industries Ltd.	Cement	2.62
Sterlite Industries (India) Ltd	Non - Ferrous Metals	2.54
Sun Pharmaceuticals Industries Ltd.	Pharmaceuticals	2.48
Mahindra & Mahindra Ltd.	Auto	2.41
HDFC Ltd.	Finance	2.33
Deccan Chronicle Holdings Ltd.	Media and Entertainment	2.07
Mphasis Ltd	Software	1.95
Steel Authority of India Ltd.	Ferrous Metals	1.93
Patel Engineering Ltd.	Construction	1.90
GMR Infrastructure Ltd.	Construction	1.90
Jindal Saw Ltd.	Ferrous Metals	1.69
Aditya Birla Nuvo Ltd.	Textile Products	1.48
Sun Pharma Advance Research Co.Ltd.	Pharmaceuticals	0.21
Total		94.48
Futures		
Sun Pharmaceuticals Industries Ltd.-JUN2007		0.27
Total		0.27
Debentures and Bonds		
Corporate Debt / Financial Institutions		
ICICI Bank Ltd.	CARE AAA	0.43
Total		0.43
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Public Sector Undertakings		
State Bank of Travancore	P1+	0.42
Total		0.42
Term Deposits		
Kotak Mahindra Bank Ltd.		2.12
Net Current Assets/(Liabilities)		2.28
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil
 Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Software	13.0%
Telecom - Services	11.6%
Banks	11.3%
Industrial Capital Goods	10.8%
Petroleum Products	8.2%
Ferrous Metals	6.7%
Construction	6.5%
Oil	4.3%
Diversified	3.0%
Consumer Non Durables	2.9%
Rest	21.7%

SIP Returns

	1 year	3 years	5 years	7 Years
Investment Amt.	Rs. 12000	Rs. 36000	Rs. 60000	Rs. 84000
Investment Value	Rs. 14217	Rs. 66401	Rs. 190654	Rs. 337203
XIRR	36.04%	44.16%	48.23%	39.34%

Assumptions: 1) Rs. 1000 investment done on the 5th or the subsequent working day of the month. 2) Loads not considered.

KOTAK MID-CAP

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To generate capital appreciation from a diversified portfolio of equity and equity related securities. • **Available Options** - DP, DR & G • **Fund Manager** - Nikunj Doshi
 • **Loads - Entry** : ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% - **Exit** : ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment**: In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus**: Rs. 252.10 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (Feb 24, 2005)
Kotak Midcap	24.2	40.9
CNX MidCap	28.3	48.0

Kotak Midcap NAV : Rs.22.0370 (Growth Option) Returns = 1 year : Absolute. Returns > 1 year : CAGR (Compounded Annualised Growth Rate) Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Kalpataru Power Transmission Ltd.	Power	3.61
Mphasis Ltd	Software	3.46
Maharashtra Seamless Ltd.	Ferrous Metals	3.46
SKF India Ltd	Industrial Products	3.44
Jubilant Oraganosys Ltd	Pharmaceuticals	3.39
Elecon Engineering Co.Ltd	Engineering	3.07
Panacea Biotech Ltd.	Pharmaceuticals	2.95
Patel Engineering Ltd.	Construction	2.87
Deccan Chronicle Holdings Ltd.	Media and Entertainment	2.74
Indian Overseas Bank	Banks	2.58
Kirloskar Oil Engines Ltd.	Industrial Products	2.53
Union Bank Of India	Banks	2.49
Andhra Bank	Banks	2.46
Ruchi Soya Industries Ltd.	Consumer Non Durables	2.40
Gujarat Gas Company Ltd	Gas	2.34
Jaiprakash Associates Ltd	Construction	2.28
Alstom Projects India Ltd.	Industrial Capital Goods	2.12
Bilcare Ltd.	Industrial Products	2.10
Amtek Auto Ltd.	Auto Ancillaries	2.09
ING Vysya Bank Ltd.	Banks	2.07
Finolex Cables Ltd.	Industrial Products	2.05
JSW Steel Ltd.	Ferrous Metals	2.04
EID Parry (India) Ltd.	Consumer Non Durables	2.00
Allcargo Global Logistics Ltd.	Transportation	1.97
Man Industries (India) Ltd.	Ferrous Metals	1.90
Bharat Earth Movers Ltd.	Industrial Capital Goods	1.82
TajGVK Hotels & Resorts Ltd.	Hotels	1.80
Zensar Technologies Ltd.	Software	1.68
Aban Offshore Ltd.	Industrial Services	1.59
Jain Irrigation Systems Ltd.	Industrial Products	1.57
Areva T and D India Ltd.	Industrial Capital Goods	1.55
Gammon India Ltd.	Construction	1.53
Jindal Steel & Power Ltd.	Ferrous Metals	1.53
Television Eighteen India Ltd.	Media and Entertainment	1.50
United Phosphorus Ltd	Pesticides	1.46
Network 18 Fincap Ltd.	Finance	1.38
Financial Technologies (India) Ltd.	Software	1.36
Wire & Wireless (India) Ltd.	Media and Entertainment	1.32
Shree Cement Ltd.	Cement	1.23
Kesoram Industries Ltd.	Auto Ancillaries	1.15
Kamdhenu Ispat Ltd.	Ferrous Metals	1.03
Megasoft Ltd	Software	1.00
Ansal Housing & Construction Ltd.	Construction	0.95
Nahar Capital & Financial Services Ltd	Finance	0.10
C and C Constructions Ltd	Construction	0.08
Total		90.04
Debt Instruments		
Debentures and Bonds		
Corporate Debt / Financial Institutions		
Cholamandalam DBS Finance Limited.	LAA	3.97
Citicorp Finance (India) Ltd.	AAA	0.79
Total		4.76

Term Deposits

Kotak Mahindra Bank Ltd.	1.98
Net Current Assets/(Liabilities)	3.22
Total	100.00

Total NPAs provided for and percentage to NAV: Nil
Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Industrial Products	11.7%
Ferrous Metals	9.9%
Banks	9.6%
Construction	7.7%
Software	7.5%
Pharmaceuticals	6.3%
Media and Entertainment	5.6%
Industrial Capital Goods	5.5%
Debt Instruments	4.8%
Consumer Non Durables	4.4%
Rest	27.0%

KOTAK OPPORTUNITIES

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To generate capital appreciation from a diversified portfolio of equity and equity related securities. • **Available Options** - DP, DR & G • **Fund Manager** - Nikunj Doshi • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% **Exit** : ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil

• **Minimum Initial Investment** : Rs. 5000 • **Additional Investment**: In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus**: Rs. 219.76 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (Sep 09, 2004)
Kotak Opportunities	30.6	52.3
S&P CNX 500	35.2	41.0

Kotak Opportunities NAV :Rs.31.4370 (Growth Option) Returns = 1 year : Absolute. Returns > 1 year : CAGR (Compounded Annualised Growth Rate) Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Reliance Industries Ltd.	Petroleum Products	6.88
Larsen And Toubro Ltd.	Industrial Capital Goods	6.08
Bharti Airtel Ltd.	Telecom - Services	4.83
Reliance Communications Ltd.	Telecom - Services	4.55
ICICI Bank Ltd.	Banks	3.97
Infosys Technologies Ltd.	Software	3.85
Hindustan Lever Ltd.	Diversified	3.61
Sun Pharmaceuticals Industries Ltd.	Pharmaceuticals	2.90
Jaiprakash Associates Ltd	Construction	2.83
Satyam Computer Services Ltd.	Software	2.67
Hcl Technologies Ltd.	Software	2.58
Cipla Ltd.	Pharmaceuticals	2.34
Union Bank Of India	Banks	2.21
GVK Power & Infrastructure Ltd.	Power	2.13
ITC Ltd.	Consumer Non Durables	2.12
ABG Heavy Industries Ltd.	Industrial Capital Goods	2.10
Mahindra & Mahindra Ltd.	Auto	2.07
Zee Entertainment Enterprises Ltd	Media and Entertainment	2.00
Andhra Bank	Banks	1.98
Kirloskar Oil Engines Ltd.	Industrial Products	1.97
Tech Mahindra Ltd.	Software	1.97
Hindustan Construction Co.Ltd	Construction	1.97
Network 18 Fincap Ltd.	Finance	1.89
Television Eighteen India Ltd.	Media and Entertainment	1.72
Deccan Chronicle Holdings Ltd.	Media and Entertainment	1.67
India Cements Ltd.	Cement	1.62
Jindal Steel & Power Ltd.	Ferrous Metals	1.60
Atlas Copco (India) Ltd	Industrial Products	1.56
Kesoram Industries Limited	Auto Ancillaries	1.56
Kalpataru Power Transmission Ltd.	Power	1.56
Info Edge (India) Ltd.	Software	1.47
United Phosphorus Ltd	Pesticides	1.41
Wire & Wireless (India) Ltd.	Media and Entertainment	1.30
Aban Offshore Ltd.	Industrial Services	1.19
Vardhman Textiles Ltd.	Textiles - Cotton	1.05
Ansal Properties & Infrastructure Ltd.	Construction	0.98
Nahar Industrial Enterprises Ltd.	Textiles - Cotton	0.96
Jindal Saw Ltd.	Ferrous Metals	0.94
Sun Pharma Advance Research Co.Ltd.	Pharmaceuticals	0.28
C and C Constructions Ltd.	Construction	0.09
Total		90.46

Debt Instruments**Debentures and Bonds****Corporate Debt / Financial Institutions**

Citicorp Finance (India) Ltd.	AAA	2.28
Total		2.28

Money Market Instruments**Commercial Paper (CP)/Certificate of Deposits (CD)****Corporate Debt / Financial Institutions**

YES Bank Ltd.	A1+	2.27
Total		2.27

Term Deposits

Kotak Mahindra Bank Ltd.	0.68
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Net Current Assets/(Liabilities)

Grand Total	100.00
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Total NPAs provided for and percentage to NAV: Nil
Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Software	12.5%
Telecom - Services	9.4%
Industrial Capital Goods	8.2%
Banks	8.2%
Petroleum Products	6.9%
Media and Entertainment	6.7%
Construction	5.8%
Pharmaceuticals	5.5%
Net Current Assets	4.3%
Power	3.7%
REST	28.8%

KOTAK LIFESTYLE

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - The investment objective of the fund is to generate long-term capital appreciation from a portfolio of equity and equity related securities, generally diversified across companies, which are likely to benefit by changing lifestyle and rising consumerism in India. • **Available Options** - DP, DR & G • **Fund Manager** - Nikunj Doshi • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% - **Exit** : ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil. • **Minimum Initial Investment**: Rs. 5000 • **Additional Investment**: In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus**: Rs. 335.79 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (Mar 21, 2006)
Kotak Lifestyle	42.3	25.0
S&P CNX 500	35.2	15.1

Kotak Lifestyle NAV: Rs.13.2240 (Growth Option) Returns = 1 year : Absolute; Returns > 1 year CAGR (Compounded Annualised Growth Rate) Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
ICICI Bank Ltd.	Banks	5.20
Bharti Airtel Ltd.	Telecom - Services	5.18
Indian Hotels Company Ltd.	Hotels	5.18
Sun Pharmaceuticals Industries Ltd.	Pharmaceuticals	4.88
Reliance Communications Ltd.	Telecom - Services	4.67
Hindustan Lever Ltd.	Diversified	3.54
Jagran Prakashan Limited	Media and Entertainment	3.18
Mahindra & Mahindra Ltd.	Auto	3.05
Zee Entertainment Enterprises Ltd	Media and Entertainment	2.99
Aditya Birla Nuvo Limited	Textile Products	2.82
Television Eighteen India Ltd.	Media and Entertainment	2.51
ITC Ltd.	Consumer Non Durables	2.44
Network 18 Fincap Ltd.	Finance	2.37
United Spirits Ltd.	Consumer Non Durables	2.34
Asian Paints Ltd.	Consumer Non Durables	2.27
HDFC Bank Ltd.	Banks	2.26
Hinduja TMT Ltd.	Software	2.13
Radico Khaitan Ltd.	Consumer Non Durables	2.12
Maruti Udyog Ltd	Auto	2.07
Adlabs Films Ltd.	Media and Entertainment	2.07
HDFC Ltd.	Finance	2.02
Champagne Indage Ltd.	Consumer Non Durables	2.01
Reliance Capital Ltd.	Finance	1.99
Raymond Limited	Textile Products	1.95
Wire & Wireless (India) Ltd.	Media and Entertainment	1.82
Info Edge (India) Ltd.	Software	1.57
Centurion Bank of Punjab Ltd.	Banks	1.56
Mahindra Gesco Developers Ltd.	Construction	1.51
Royal Orchid Hotels Ltd	Hotels	1.37
Ansal Properties & Infrastructure Ltd.	Construction	1.18
Nitco Tiles Ltd.	Consumer Non Durables	1.18
Zee News Ltd.	Media and Entertainment	1.06
Euro Ceramics Limited	Consumer Non Durables	0.84

Sun Pharma Advance Research Co.Ltd	Pharmaceuticals	0.58
McDowell Holdings Ltd.	Consumer Non Durables	0.52
Total		84.43
Futures		
United Spirits Ltd.-JUN2007		2.62
Total		2.62
Debt Instruments		
Debentures and Bonds		
Corporate Debt / Financial Institutions		
Citicorp Finance (India) Ltd.	AAA	1.19
Total		1.19
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Public Sector Undertakings		
State Bank of Travancore	P1+	2.95
Total		2.95
Term Deposits		
Kotak Mahindra Bank Ltd.		1.49
Net Current Assets/(Liabilities)		7.32
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil
Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Consumer Non Durables	13.7%
Media and Entertainment	13.6%
Telecom - Services	9.9%
Banks	9.0%
Net Current Assets	7.3%
Hotels	6.5%
Finance	6.4%
Pharmaceuticals	5.5%
Auto	5.1%
Textile Products	4.8%
REST	18.2%

KOTAK CONTRA

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To Generate capital appreciation from a diversified portfolio of equity and equity related securities. • **Available Options** - DP, DR & G • **Fund Managers** - Nikunj Doshi & Anurag Jain • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% - **Exit :** ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil. • **Minimum Initial Investment :** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 132.78 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (July 27, 2005)
Kotak Contra	17.2	24.2
S&P CNX 500	35.2	35.9

Kotak Contra NAV: Rs.15.4180 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Mphasis Ltd	Software	4.38
Hindustan Lever Ltd.	Diversified	4.37
Navin Fluorine International Ltd.	Chemicals	4.32
Bharat Electronics Ltd	Industrial Capital Goods	3.95
Reliance Energy Ltd.	Power	3.53
Gammon India Ltd.	Construction	3.49
Gujarat Gas Company Ltd	Gas	3.49
Deccan Aviation Ltd	Transportation	3.47
I-Flex Solutions Limited	Software	3.27
Ipca Laboratories Ltd.	Pharmaceuticals	3.22
Aditya Birla Nuvo Limited	Textile Products	3.17
Asian Paints Ltd.	Consumer Non Durables	3.13
Sasken Communication Technologies Ltd.	Software	3.08
Ahmednagar Forgings Ltd.	Industrial Products	3.05
Apollo Tyres Ltd.	Auto Ancillaries	2.97
Jindal Steel & Power Ltd.	Ferrous Metals	2.78
Nestle India Ltd.	Consumer Non Durables	2.76
Steel Authority of India Ltd.	Ferrous Metals	2.64
Tata Chemicals Ltd.	Fertilisers	2.61
Patel Engineering Ltd.	Construction	2.57
ABG Heavy Industries Ltd.	Industrial Capital Goods	2.30
Coromandel Fertilisers Ltd.	Fertilisers	2.26
Hinduja TMT Ltd.	Software	2.25
TATA Metaliks Ltd.	Ferrous Metals	2.19

Great Eastern Shipping Company Ltd	Transportation	2.16
Monsanto India Ltd.	Pesticides	2.13
Nitco Tiles Ltd.	Consumer Non Durables	2.13
Kesoram Industries Limited	Auto Ancillaries	2.13
Eveready Industries India Ltd.	Consumer Non Durables	1.93
EID Parry (India) Ltd.	Consumer Non Durables	1.89
Nahar Capital & Financial Services Ltd	Finance	1.44
India Cements Ltd.	Cement	1.40
Britannia Industries Ltd.	Consumer Non Durables	1.35
Nahar Spinning Mills Ltd	Textiles - Synthetic	0.97
Vardhman Holdings Limited	Finance	0.85
C and C Constructions Ltd	Construction	0.09
Total		93.72

Money Market Instruments

Commercial Paper (CP)/Certificate of Deposits (CD)

Public Sector Undertakings

State Bank of Bikaner & Jaipur	P1+	3.76
Total		3.76
Term Deposits		
Kotak Mahindra Bank Ltd.		1.13
Net Current Assets/(Liabilities)		1.39
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil
Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Consumer Non Durables	13.2%
Software	13.0%
Ferrous Metals	7.6%
Industrial Capital Goods	6.2%
Construction	6.2%
Transportation	5.6%
Auto Ancillaries	5.1%
Fertilisers	4.9%
Diversified	4.4%
Chemicals	4.3%
REST	29.5%

KOTAK TAX SAVER

Open-Ended Equity Linked Savings Scheme

About the Scheme

• **Investment Objective** - To generate long - term capital appreciation from a diversified portfolio of equity and equity related securities and enable investors to avail the income tax rebate, as permitted from time to time. • **Available Options** - DP, DR & G • **Fund Manager** - Nikunj Doshi & Anurag Jain • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% - **Exit :** Nil. • **Minimum Initial Investment :** Rs. 500 • **Additional Investment:** In multiples of Rs. 500.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 245.67 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (Nov 23, 2005)
Kotak Tax Saver	35.0	36.8
S&P CNX 500	35.2	35.2

Kotak Tax Saver NAV:Rs.16.1210 (Growth Option) Returns = 1 year : Absolute. Returns > 1 year : CAGR (Compounded Annualised Growth Rate) Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Reliance Industries Ltd.	Petroleum Products	5.01
ICICI Bank Ltd.	Banks	3.93
Bharti Airtel Ltd.	Telecom - Services	3.80
Infosys Technologies Ltd.	Software	3.29
SKF India Ltd	Industrial Products	3.06
Panacea Biotec Ltd.	Pharmaceuticals	3.02
Jubilant Oraganosys Ltd	Pharmaceuticals	3.01
Thermax Ltd.	Industrial Capital Goods	2.96
Bharat Bijlee Ltd	Industrial Capital Goods	2.73
Aditya Birla Nuvo Ltd.	Textile Products	2.68
Jaiprakash Associates Ltd	Construction	2.67
Bilcare Ltd.	Industrial Products	2.54
Reliance Communications Ltd.	Telecom - Services	2.47
Ruchi Soya Industries Ltd.	Consumer Non Durables	2.46
Motor Industries Company Ltd.	Auto Ancillaries	2.08
Hindustan Lever Ltd.	Diversified	2.07
Texmaco Ltd.	Industrial Capital Goods	2.06
United Spirits Ltd.	Consumer Non Durables	2.01

Elecon Engineering Co.Ltd	Engineering	1.99
Alstom Projects India Ltd.	Industrial Capital Goods	1.99
HDFC Ltd.	Finance	1.92
Gammon India Ltd.	Construction	1.89
Satyam Computer Services Ltd.	Software	1.72
Television Eighteen India Ltd.	Media and Entertainment	1.66
Jagran Prakashan Ltd.	Media and Entertainment	1.55
Tata Motors Ltd.	Auto	1.54
Zee Entertainment Enterprises Ltd	Media and Entertainment	1.47
Jindal Steel & Power Ltd.	Ferrous Metals	1.47
Navin Fluorine International Ltd.	Chemicals	1.42
Hinduja TMT Ltd.	Software	1.38
United Phosphorus Ltd	Pesticides	1.38
Sasken Communication Technologies Ltd.	Software	1.34
Man Industries (India) Ltd.	Ferrous Metals	1.33
Network 18 Fincap Ltd.	Finance	1.31
Ansal Housing & Construction Ltd.	Construction	1.31
Royal Orchid Hotels Ltd	Hotels	1.30
Allcargo Global Logistics Ltd.	Transportation	1.29
Wire & Wireless (India) Ltd.	Media and Entertainment	1.27
Godawari Power and Ispat Ltd.	Ferrous Metals	1.10
Aban Offshore Ltd.	Industrial Services	1.06
Centurion Bank of Punjab Ltd.	Banks	0.97
Raymond Limited	Textile Products	0.82
Nahar Industrial Enterprises Ltd.	Textiles - Cotton	0.82
EID Parry (India) Ltd.	Consumer Non Durables	0.81
Dolphin Offshore Enterprises (India) Ltd.	Oil And Gas	0.56
McDowell Holdings Ltd.	Consumer Non Durables	0.12
C and C Constructions Ltd	Construction	0.06
Total		88.70
Futures		
NIFTY-JUN2007		2.26
United Spirits Ltd.-JUN2007		0.25
Total		2.51
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Public Sector Undertakings		
State Bank of Bikaner & Jaipur	P1+	2.03
IDBI Bank Ltd.	P1+	1.96
Total		3.99
Term Deposits		
Kotak Mahindra Bank Ltd.		1.22
Net Current Assets/(Liabilities)		3.58
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil
Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Industrial Capital Goods	9.7%
Software	7.7%
Telecom - Services	6.3%
Pharmaceuticals	6.0%
Media and Entertainment	6.0%
Construction	5.9%
Industrial Products	5.6%
Consumer Non Durables	5.4%
Petroleum Products	5.0%
Banks	4.9%
REST	37.5%

KOTAK GLOBAL INDIA

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To generate capital appreciation from a diversified portfolio of predominantly equity and equity related securities issued by globally competitive Indian companies. • **Available Options** - DP, DR & G • **Fund Managers** - Nikunj Doshi & Anurag Jain
• **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FIs or sub a/c of FIs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% **Exit:** ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 117.06crores

Performance as on May 31, 2007

	last 1 year	last 3 years	Since Allotment (Jan 30, 2004)
Kotak Global India	27.7	45.6	38.1
S&P CNX 500	35.2	42.7	15.1

Kotak Global India NAV:Rs.28.7950 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Larsen And Toubro Ltd.	Industrial Capital Goods	6.01
Thermax Ltd.	Industrial Capital Goods	4.28
Reliance Communications Ltd.	Telecom - Services	3.93
Jubilant Oraganosys Ltd	Pharmaceuticals	3.82
Sterlite Industries (India) Ltd	Non - Ferrous Metals	3.63
ABB Ltd.	Industrial Capital Goods	3.54
Reliance Industries Ltd.	Petroleum Products	3.46
Infosys Technologies Ltd.	Software	3.45
ICICI Bank Ltd.	Banks	3.42
Sun Pharmaceuticals Industries Ltd.	Pharmaceuticals	3.35
Hcl Technologies Ltd.	Software	3.09
United Phosphorus Ltd	Pesticides	3.02
Crompton Greaves Ltd.	Industrial Capital Goods	2.94
Amtek Auto Ltd.	Auto Ancillaries	2.94
Tata Consultancy Services Ltd.	Software	2.89
Tata Tea Ltd.	Consumer Non Durables	2.75
Asian Paints Ltd.	Consumer Non Durables	2.60
Hanung Toys and Textiles Ltd.	Consumer Non Durables	2.45
Bilcare Ltd.	Industrial Products	2.35
Tech Mahindra Ltd.	Software	2.30
Allcargo Global Logistics Ltd.	Transportation	2.29
Aban Offshore Ltd.	Industrial Services	2.23
Sasken Communication Technologies Ltd.	Software	2.19
Zee Entertainment Enterprises Ltd	Media and Entertainment	2.14
Ipca Laboratories Ltd.	Pharmaceuticals	2.10
ANG Auto Ltd	Auto	1.88
Mahindra & Mahindra Ltd.	Auto	1.88
Subex Azure Ltd.	Software	1.74
Nahar Industrial Enterprises Ltd.	Textiles - Cotton	1.73
Jindal Saw Ltd.	Ferrous Metals	1.69
Siemens Ltd.	Industrial Capital Goods	1.64
Sun Pharma Advance Research Co.Ltd	Pharmaceuticals	0.32
Total		88.05
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
ICICI Home Finance Company Limited	A1+	5.83
Total		5.83
Term Deposits		
Kotak Mahindra Bank Ltd.		1.28
Net Current Assets/(Liabilities)		4.84
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil
Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Industrial Capital Goods	18.4%
Software	15.6%
Pharmaceuticals	9.6%
Consumer Non Durables	7.8%
Money Market Instruments	5.8%
Net Current Assets	4.9%
Telecom - Services	3.9%
Auto	3.8%
Non - Ferrous Metals	3.6%
Petroleum Products	3.5%
REST	23.1%

KOTAK MNC

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To generate capital appreciation from a portfolio of predominantly equity and equity related securities issued by multinational companies • **Available Options** - DP & DR • **Fund Managers** - Nikunj Doshi & Anurag Jain • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FIs or sub a/c of FIs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% **Exit:** ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 44.40 crores • **Ratios:** Beta*: 0.72
Sharpe*: 0.47 *Source : Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (Apr04, 2000)
Kotak MNC*	22.8	42.0	36.8	20.6
BSE Sensex	39.9	45.1	36.0	17.1
S&P CNX Nifty	39.9	42.5	33.1	16.6

Kotak MNC NAV :Rs.29.9020

* Returns assumed reinvestment of the tax free dividend declared. Returns = 1 year: Absolute; Returns >1 year : CAGR (Compounded Annualised Growth Rate) Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Atlas Copco (India) Ltd	Industrial Products	7.19
Castrol (India) Ltd.	Petroleum Products	5.08
Mphasis Ltd	Software	4.97
Bharti Airtel Ltd.	Telecom - Services	4.78
SKF India Ltd	Industrial Products	4.63
Kennametal India Ltd.	Industrial Products	4.23
ING Vysya Bank Ltd.	Banks	4.11
Hindustan Lever Ltd.	Diversified	3.66
GlaxoSmithKline Pharmaceuticals Ltd.	Pharmaceuticals	3.50
KSB Pump Ltd	Industrial Products	3.49
Amara Raja Batteries Ltd.	Auto Ancillaries	3.47
3M India Ltd.	Trading	3.47
ITC Ltd.	Consumer Non Durables	3.32
Aventis Pharma Ltd.	Pharmaceuticals	3.27
Gillette India Ltd	Consumer Non Durables	3.12
ABB Ltd.	Industrial Capital Goods	2.85
Motor Industries Company Ltd.	Auto Ancillaries	2.70
Alstom Projects India Ltd.	Industrial Capital Goods	2.59
Siemens Ltd.	Industrial Capital Goods	2.45
Pfizer Ltd.	Pharmaceuticals	2.44
Monsanto India Ltd.	Pesticides	2.26
South East Asia Marine Engg & Construction Ltd.	Oil	2.18
Solectron Centum Electronics Ltd.	Industrial Capital Goods	2.17
Grindwell Norton Ltd.	Industrial Products	2.16
Bata India Ltd.	Consumer Non Durables	2.00
I-Flex Solutions Limited	Software	1.98
Asahi India Glass Ltd	Auto Ancillaries	1.87
Micro Inks Ltd.	Chemicals	1.62
Kansai Nerolac Paints Ltd	Consumer Non Durables	1.58
Gujarat Gas Company Ltd	Gas	1.03
Maruti Udyog Ltd	Auto	0.92
Total		95.09
Debt Instruments		
Debentures and Bonds		
Corporate Debt / Financial Institutions		
Disa India Ltd.*	Unrated	0.13
Total		0.13
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
ICICI Home Finance Company Limited	A1+	2.20
Total		2.20
Term Deposits		
Kotak Mahindra Bank Ltd.		0.56
Net Current Assets/(Liabilities)		2.02
Grand Total		100.00

* Bonus Debentures issued

Total NPAs provided for and percentage to NAV: Nil

Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Industrial Products	21.7%
Industrial Capital Goods	10.1%
Consumer Non Durables	10.0%
Pharmaceuticals	9.2%
Auto Ancillaries	8.0%
Software	6.9%
Petroleum Products	5.1%
Telecom - Services	4.8%
Banks	4.1%
Diversified	3.7%
REST	16.4%

KOTAK TECH

Open-Ended Equity Growth Scheme

About the Scheme

• **Investment Objective** - To generate capital appreciation from a portfolio of predominantly equity and equity related securities in the information technology sector. • **Available Options** - DP & DR • **Fund Managers** - Nikunj Doshi & Anurag Jain • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% - **Exit:** ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil. • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 43.15 crores • **Ratios: Beta*** : 0.93

Sharpe*: 0.41 *Source : Value Research

Performance as on May 31, 2007

	last 1 year	3 years	5 years	Since Allotment (April 04, 2000)
Kotak Tech	29.5	36.6	28.5	0.5
BSE IT	33.2	39.6	26.5	-0.1

Kotak Tech NAV: Rs. 10.3940

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Infosys Technologies Ltd.	Software	26.30
Hcl Technologies Ltd.	Software	10.41
Mphasis Ltd	Software	8.17
Wipro Ltd.	Software	7.94
Tata Consultancy Services Ltd.	Software	7.84
Satyam Computer Services Ltd.	Software	6.53
Sasken Communication Technologies Ltd.	Software	3.87
I-Flex Solutions Limited	Software	3.56
Tech Mahindra Ltd.	Software	3.36
Infotech Enterprises Ltd.	Software	3.19
Financial Technologies (India) Ltd.	Software	2.65
Patni Computers Systems Ltd.	Software	2.47
Megasoft Ltd	Software	2.19
Subex Azure Ltd.	Software	2.09
Aurionpro Solutions Ltd.	Software	1.22
Tanla Solutions Limited	Software	1.14
Zensar Technologies Ltd.	Software	1.02
Sonata Software Ltd.	Software	0.89
Total		94.84
Privately Placed/ Unlisted		
Virtual Dynamics Software Ltd. @	Software	#
SRM Radiant Infotech Ltd. @	Software	#
Total		0.00
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
ICICI Home Finance Company Limited	A1+	2.26
Total		2.26
Term Deposits		
Kotak Mahindra Bank Ltd.		1.16
Net Current Assets/(Liabilities)		1.74
Grand Total		100.00

Money Market Instruments

Commercial Paper (CP)/Certificate of Deposits (CD)

Corporate Debt / Financial Institutions

ICICI Home Finance Company Limited	A1+	2.26
Total		2.26

Term Deposits

Kotak Mahindra Bank Ltd.		1.16
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Net Current Assets/(Liabilities)

Grand Total		100.00
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Total NPAs provided for and percentage to NAV: Nil

Total percentage to Net Asset of Illiquid Equity Shares : Nil

@ Privately Placed Securities.

Indicates % to net assets less than 0.01%

Sector Allocation

Software	94.8%
Money Market Instruments	2.3%
Term Deposits	1.2%
Net Current Assets	1.7%

KOTAK EQUITY FOF

Open-Ended Equity Fund of Funds Scheme

About the Scheme

• **Investment Objective** - To generate long term Capital appreciation from a portfolio created by investing predominantly in open - ended diversified equity schemes of Mutual Funds registered with SEBI. • **Available Options** - DP, DR & G • **Fund Manager** - Sajit Pisharodi • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FILs or sub a/c of FILs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% **Exit Load:** ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil. • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 74.55 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (Aug 09, 2004)
Kotak Equity FOF	28.1	42.7
S&P CNX Nifty	39.9	40.8

Kotak Equity FOF NAV : Rs.27.1540 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Mutual Fund Units		
Kotak 30	Equity Scheme	24.89
Birla Top 100 Fund	Equity Scheme	16.77
SBI Magnum Equity Fund	Equity Scheme	16.57
Birla Sunlife Frontline Equity	Equity Scheme	16.48
Birla Sunlife Equity Fund	Equity Scheme	8.41
Franklin India Prima Plus	Equity Scheme	8.22
Prudential ICICI Dynamic Plan	Equity Scheme	8.04
Total		99.38
Net Current Assets/(Liabilities)		0.62
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil

Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Kotak 30	24.9%
Birla Top 100 Fund	16.8%
SBI Magnum Equity Fund	16.6%
Birla Sunlife Frontline Equity	16.5%
Birla Sunlife Equity Fund	8.4%
Franklin India Prima Plus	8.2%
Prudential ICICI Dynamic Plan	8.0%
Net Current Assets / (Liabilities)	0.6%

Specific Risk Factors : The investors of the scheme shall bear the recurring expenses of the Scheme in addition to the expenses of the underlying schemes. Hence the investor under the Scheme may receive lower pre-tax returns than what they may receive if they had invested directly in the underlying schemes in the same proportions. • The portfolio disclosure of the Scheme will be limited to providing the particulars of the underlying schemes where the Scheme has invested and will not include the investments made by the underlying schemes. • The portfolio of the Scheme will normally be comprised of schemes of Kotak Mahindra Mutual Fund and other schemes from the recommended list provided by the Designated Agency. Thought adequate care will be taken to ensure that the methodology adopted by the Designated Agency is proper, there may be any analytical error (like assigning overweightage or underweightage to various risk-returns parameters), execution error etc. by the Designated Agency, which may result in the sub-optimal performance of the Scheme. • Since the Scheme proposes to invest at least in 5 underlying schemes, the significant underperformance in even one of the underlying schemes may adversely affect the performance of the Scheme. Investments in underlying equity/debt schemes will have all the risks associated with such schemes.

KOTAK DYNAMIC FOF

Close-Ended Fund of Funds Scheme

About the Scheme

• **Investment Objective** - To generate long term Capital appreciation by investing in a portfolio of diversified large cap Equity Schemes and Liquid Schemes of mutual funds registered with SEBI. • **Available Options** - G • **Fund Manager** - Sajit Pisharodi • **Loads:** Exit: Nil ▶ During Liquidity window: Unit holders of the Schemes have the option of switch-in out all or part of their investment in the Scheme/Plan /Option of the Fund, during the Liquidity window. However, no switch-in is allowed in the Scheme. • **Minimum Initial Investment:** Rs. 5000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 26.48 crores

Performance as on May 31, 2007

	1 year	Since Allotment (Mar 31, 2005)
Kotak Dynamic FOF	14.2	29.7
CRISIL Balanced Fund Index	25.3	25.7

Kotak Dynamic FOF NAV : Rs. 17.5760 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Mutual Fund Units		
Tata Pure Equity Fund	Equity Scheme	14.71
HDFC Top 200 Fund	Equity Scheme	14.66
Birla Advantage Fund	Equity Scheme	14.62
Kotak 30	Equity Scheme	14.59
HSBC Equity Fund	Equity Scheme	14.51
Tata Liquid Super High Investment Plan	Debt Scheme	5.49
Birla Cash Plus Institutional Premium Plan	Debt Scheme	5.02
HSBC Cash Fund Institutional Plus	Debt Scheme	5.01
HDFC Liquid Fund Premium Plus	Debt Scheme	5.01
Kotak Liquid Institutional Premium Plan	Debt Scheme	2.92
Kotak Liquid Institutional Plan	Debt Scheme	2.54
Total		99.08
Net Current Assets/(Liabilities)		0.92
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil

Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Tata Pure Equity Fund	14.7%
HDFC Top 200 Fund	14.7%
Birla Advantage Fund	14.6%
Kotak 30	14.6%
HSBC Equity Fund	14.5%
Tata Liquid Super High Investment Plan	5.5%

Birla Cash Plus Institutional Premium Plan	5.0%
HSBC Cash Fund Institutional Plus	5.0%
HDFC Liquid Fund Premium Plus	5.0%
Kotak Liquid Institutional Premium Plan	2.9%
Kotak Liquid Institutional Plan	2.6%
Net Current Assets / (Liabilities)	0.9%

Specific Risk Factors : • The Scheme may invest predominantly in diversified Large Cap Equity or Liquid Schemes of Mutual Fund registered with SEBI. Hence the Scheme's performance may depend upon the performance of the underlying equity schemes. Any change in the investment policies or the fundamental attributes of the underlying schemes could affect the performance of the Scheme. • Investments in underlying equity schemes will have all the risks associated with the underlying equity schemes including performance of underlying stocks, derivative investments, off shore investments, security lending etc. • Investments in underlying liquid schemes, will have all the risks associated with such underlying schemes including changes in credit rating, trading volumes, settlement periods and transfer procedures; Price/Interest-Rate Risk and credit risk, volatility and liquidity in the money markets, pressure on the exchange rate of the rupee, Basis Risk, Spread Risk and Reinvestment Risk, off shore investments, derivative investments, security lending, etc. • The investors of the Scheme will bear dual recurring expenses and possibly dual loads, those of the Scheme and those of the underlying Schemes. Hence the investor under the Scheme may receive lower pre-tax returns than what they could have received if they had invested directly in the underlying Schemes in the same proportions. • The Portfolio disclosure of the Scheme will be limited to providing the particulars of the underlying schemes where the Scheme has invested and will not include the investments made by the underlying Schemes. • The dynamic asset allocation may result in higher transaction costs. • The Scheme is a close-ended scheme and the investors can redeem the units held in the scheme only during the last three working days of every third month from the date of allotment of units, at prices related to Applicable NAV.

KOTAK FLEXI FOF

Close-Ended Fund of Funds Scheme

About the Scheme

• **Investment Objective** - To provide long - term capital appreciation by investing in a portfolio of diversified equity schemes and liquid / short term / floating rate schemes / plans of mutual funds registered with SEBI • **Available Options** - DR & G • **Fund Manager** - Sajit Pisharodi • **Loads - Entry:** ▶ For investments <= Rs. 10 lakhs : 2.25%; otherwise Nil **Exit :** ▶ Nil (during liquidity window). • **Minimum Initial Investment:** Rs. 5000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 90.20 crores

Performance as on May 31, 2007

	last 1 year	Since Allotment (Oct 20, 2005)
Kotak Flexi FOF	19.9	27.0
CRISIL Balanced Fund Index	25.3	27.0

Kotak Flexi FOF NAV : Rs. 14.7090 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Mutual Fund Units		
Kotak 30	Equity Scheme	23.05
Franklin India Prima Fund	Equity Scheme	19.70
Reliance Vision Fund	Equity Scheme	19.00
Tata Equity Opportunities Fund	Equity Scheme	18.89
Prudential ICICI Power Plan	Equity Scheme	18.85
Total		99.49
Net Current Assets/(Liabilities)		0.51
Grand Total		100.00

Total NPAs provided for and percentage to NAV: Nil

Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

Sector Allocation

Kotak 30	23.1%
Franklin India Prima Fund	19.7%
Reliance Vision Fund	19.0%
Tata Equity Opportunities Fund	18.9%
Prudential ICICI Power Plan	18.8%
Net Current Assets / (Liabilities)	0.5%

Specific Risk Factors : • The Scheme may invest predominantly in diversified equity schemes of Mutual Fund registered with SEBI. Hence the Scheme's performance may depend upon the performance of the underlying equity schemes. Any change in the investment policies or the fundamental attributes of the underlying schemes could affect the performance of the Scheme. • Investments in underlying equity schemes will have all the risks associated with the underlying equity schemes including performance of underlying stocks, derivative investments, off shore investments, security lending etc. • Investments in underlying schemes, which invest predominantly in money market or floating rate instruments, will have all the risks associated with such underlying schemes including changes in credit rating, trading volumes, settlement periods and transfer procedures; Price/Interest-Rate Risk and credit Risk, volatility and liquidity in the money markets, pressure on the exchange rate of the rupee, Basis Risk, Spread Risk and Reinvestment Risk, off shore investments, derivative investments, security lending, etc. • The investors of the Scheme will bear dual recurring expenses and possibly dual loads, those of the Scheme and those of the underlying Schemes. Hence the investor under the Scheme may receive lower pre-tax returns than what they could have received if they had invested directly in the underlying Schemes in the same proportions. • The Portfolio disclosure of the Scheme will be limited to providing the particulars of the underlying schemes where the Scheme has invested and will not include the investments made by the underlying Schemes. • The dynamic asset allocation may result in higher transaction costs. • The Scheme is a close-ended scheme and the investors can redeem the units held in the scheme only during the last working day of every month and the first working day of every month, from the date of allotment of units, at prices related to Applicable NAV.

KOTAK BALANCE

Open-Ended Balanced Scheme

About the Scheme

• **Investment Objective** - To achieve growth by investing in equity & equity related instruments, balanced with income generation by investing in debt & money market instruments.
 • **Available Options** - DP & DR • **Fund Managers** - Krishna Sanghvi & Ritesh Jain • **Loads - Entry:** ▶ Where the purchase amount/switch in amount is equal to or more than > Rs. 5 crores: Nil ▶ Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme: Nil ▶ Where investments is made by FIs or sub a/c of FIs: Nil ▶ Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil ▶ Where units are allotted upon reinvestment of Dividends: Nil ▶ Cases not covered above: 2.25% **Exit:** ▶ For exit within 6 months for investments less than Rs. 5 crores: 1% ▶ Cases not covered above: Nil • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 90.84 crores • **Ratios: Beta*:** 1.00 **Sharpe*:** 0.59 *Source : Value Research

Performance as on May 31, 2007

	last 1 year	3 years	5 years	Since Allotment (Nov 25, 1999)
Kotak Balance*	16.2	32.7	29.9	20.6
Crisil Balanced Fund Index	25.3	25.3	21.8	19.6

Kotak Bal NAV - Rs.24.8560

* Returns assumed reinvestment of the tax free dividend declared. Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity Related (Listed/Awaiting listing)		
Reliance Industries Ltd.	Petroleum Products	4.65
Bharti Airtel Ltd.	Telecom - Services	3.51
ICICI Bank Ltd.	Banks	3.04
JSW Steel Ltd.	Ferrous Metals	3.00
Reliance Communications Ltd.	Telecom - Services	2.78
Container Corporation of India Ltd.	Transportation	2.39
Larsen And Toubro Ltd.	Industrial Capital Goods	2.21
Motor Industries Company Ltd.	Auto Ancillaries	2.20
Divi s Laboratories Limited	Pharmaceuticals	2.08
Hindustan Lever Ltd.	Diversified	2.02
Union Bank Of India	Banks	1.98
Deccan Chronicle Holdings Ltd.	Media and Entertainment	1.94
Tata Consultancy Services Ltd.	Software	1.86
Mahindra & Mahindra Ltd.	Auto	1.75
Hcl Technologies Ltd.	Software	1.71
Infosys Technologies Ltd.	Software	1.69
Mphasis Ltd	Software	1.69
Tech Mahindra Ltd.	Software	1.64
Cipla Ltd.	Pharmaceuticals	1.56
Navin Fluorine International Ltd.	Chemicals	1.47
Bharat Heavy Electricals Ltd.	Industrial Capital Goods	1.39
Reliance Petroleum Ltd.	Oil & Gas Exploration & Production	1.38
Jaiprakash Associates Ltd	Construction	1.37
Hinduja TMT Ltd.	Software	1.31
Gammon India Ltd.	Construction	1.25
Indian Overseas Bank	Banks	1.24
Sun Pharmaceuticals Industries Ltd.	Pharmaceuticals	1.23
Jubilant Oraganosys Ltd	Pharmaceuticals	1.23
Global Vectra Helicorp Ltd.	Transportation	1.16
Andhra Bank	Banks	1.15
United Phosphorus Ltd	Pesticides	1.12
Amtek Auto Ltd.	Auto Ancillaries	1.07
Coromandel Fertilisers Ltd.	Fertilisers	1.06
Jindal Steel & Power Ltd.	Ferrous Metals	1.06
Man Industries (India) Ltd.	Ferrous Metals	1.03
AIA Engineering Limited	Industrial Capital Goods	1.01
ABG Heavy Industries Ltd.	Industrial Capital Goods	0.97
Asian Paints Ltd.	Consumer Non Durables	0.91
ITC Ltd.	Consumer Non Durables	0.90
Grasim Industries Ltd.	Cement	0.83
Nahar Industrial Enterprises Ltd.	Textiles - Cotton	0.56
Sun Pharma Advance Research Co.Ltd	Pharmaceuticals	0.15
Total		68.55

Debt Instruments

Debentures & Bonds

Corporate Debt / Financial Institutions

Citicorp Maruti Finance Ltd.	P1+	5.50
Citicorp Finance (India) Ltd.	AAA	4.41
ICICI Bank Ltd.	CARE AAA	3.33
Total		13.24

Public Sector Undertakings

Indian Railway Finance Corporation Ltd.	AAA	6.68
Total		6.68

Money Market Instruments

Commercial Paper (CP)/Certificate of Deposits (CD)

Corporate Debt / Financial Institutions

HDFC Bank Ltd.	PR1+	3.27
Total		3.27

Term Deposits

Kotak Mahindra Bank Ltd.		2.75
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Net Current Assets/(Liabilities)

Grand Total		100.00
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Total NPAs provided for and percentage to NAV: Nil

Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

All ratings other than by CRISIL are by ICRA or CARE or Fitch

Sector Allocation

Debt Instruments	19.9%
Software	9.9%
Banks	7.4%
Telecom - Services	6.3%
Pharmaceuticals	6.2%
Industrial Capital Goods	5.6%
Net Current Assets	5.5%
Ferrous Metals	5.1%
Petroleum Products	4.7%
Transportation	3.5%
REST	25.9%

SIP Returns

	1 year	3 years	5 years	7 years
Investment Amt.	Rs. 12000	Rs. 36000	Rs. 60000	Rs. 84000
Investment Value	Rs. 13378	Rs. 56940	Rs. 141387	Rs. 245165
XIRR	22.02%	32.21%	35.13%	30.16%

Assumptions : 1) Rs. 1000 investment done on the 5th or the subsequent working day of the month. 2) Loads not considered.

KOTAK INCOME PLUS

Open-Ended Income Scheme

About the Scheme

• **Investment Objective** - To enhance returns over a portfolio of debt instruments with a moderate exposure to equity and equity related instruments. • **Available Options** - DP, DR & G • **Fund Managers** - Krishna Sanghvi & Ritesh Jain • **Loads - Entry:** Nil ▶ **Exit:** ▶ 0.5% for redemptions within 6 months where investment amount <= Rs. 10 lacs. Nil for investment amount > Rs. 10 lacs. • **Minimum Initial Investment :** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-3 years • **Corpus:** Rs. 60.92 crores • **Ratio:** YTM: 7.40

Performance as on May 31, 2007

	last 1 year	3 years	Since Allotment (Dec 02, 2003)
Kotak Income Plus	5.7	9.8	8.6
Crisil MIP Blended Index	8.9	8.2	7.3

Kotak Income Plus NAV - Rs.13.3273 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

Past performance may or may not be sustained in future.

Portfolio

Name of the Instrument	Industry / Rating	% to Net Assets
Equity & Equity related (Listed/Awaiting listing)		
Reliance Industries Ltd.	Petroleum Products	1.73
Bharti Airtel Ltd.	Telecom - Services	1.39
ICICI Bank Ltd.	Banks	1.36
Larsen And Toubro Ltd.	Industrial Capital Goods	1.15
Reliance Communications Ltd.	Telecom - Services	1.04
Tata Consultancy Services Ltd.	Software	0.89
Motor Industries Company Ltd.	Auto Ancillaries	0.87
Mahindra & Mahindra Ltd.	Auto	0.87
Infosys Technologies Ltd.	Software	0.80
Hindustan Lever Ltd.	Diversified	0.77
Deccan Chronicle Holdings Ltd.	Media and Entertainment	0.69
Reliance Petroleum Ltd.	Oil & Gas Exploration & Production	0.66
Divi s Laboratories Limited	Pharmaceuticals	0.65
JSW Steel Ltd.	Ferrous Metals	0.65
Indian Overseas Bank	Banks	0.55
Sun Pharmaceuticals Industries Ltd.	Pharmaceuticals	0.55
Sterlite Industries (India) Ltd	Non - Ferrous Metals	0.54
Cipla Ltd.	Pharmaceuticals	0.54
Bharat Earth Movers Ltd.	Industrial Capital Goods	0.51
Jaiprakash Associates Ltd	Construction	0.51
Tech Mahindra Ltd.	Software	0.49
Hcl Technologies Ltd.	Software	0.45
Andhra Bank	Banks	0.43

ABG Heavy Industries Ltd.	Industrial Capital Goods	0.41
Oil & Natural Gas Corporation Ltd.	Oil	0.38
Jindal Steel & Power Ltd.	Ferrous Metals	0.26
AIA Engineering Limited	Industrial Capital Goods	0.22
Sun Pharma Advance Research Co.Ltd	Pharmaceuticals	0.07

Total **19.43**

Debt Instruments

Debentures & Bonds

Corporate Debt / Financial Institutions

GE Money Financial Services Limited	AAA	6.57
Mahindra & Mahindra Financial Services Ltd.	AA+	6.57
Citicorp Finance (India) Ltd.	AAA	3.29
Citifinancial Consumer Finance India Ltd.	AAA	3.28

Total **19.71**

Public Sector Undertakings

Indian Railway Finance Corporation Ltd.	AAA	17.14
Power Finance Corporation Ltd.	AAA	16.45
Export-Import Bank of India.	AAA	9.51
Union Bank of India	AA+	8.61
State Bank of Hyderabad	LAAA	3.04

Total **54.75**

Term Deposits

Kotak Mahindra Bank Ltd.		0.82
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Net Current Assets/(Liabilities) **5.29**

Grand Total **100.00**

Average Maturity based on total maturity of fixed rate and 0.77 immediate reset date of floating rate instruments of the portfolio

Total NPAs provided for and percentage to NAV: Nil

Total value and percentage to Net Asset of Illiquid Equity Shares : Nil

All ratings other than by CRISIL are by ICRA or CARE or Fitch.

Net Current Assets/(Liabilities) **34.38**

Grand Total **100.00**

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 2.18

Total NPA provided for and percentage to NAV : Nil

All ratings other than by CRISIL are by ICRA or CARE or Fitch

Sector Allocation

Debentures and Bonds	44.9%
Treasury Bills	12.1%
Government Dated Securities	5.0%
Commercial Paper / Certificate of Deposits	3.6%
Net Current Assets	34.4%

Rating Profile

AAA, A1+, F1+ & SOV	65.6%
Net Current Assets	34.4%

KOTAK BOND SHORT TERM PLAN

Open-Ended Debt Scheme

About the Scheme

• **Investment Objective** - To provide reasonable returns and high level of liquidity by investing in debt & money market instruments of different maturities, so as to spread the risk across different kinds of issuers in the debt market. • **Plan** - Short Term • **Available Options** - DR & G • **Fund Managers** - Ritesh Jain & Abhishek Bisen • **Loads - Entry:** Nil **Exit:** For Investments <= Rs. 2 crores: a) For redemptions/switchouts within 6 months: 1% b) For redemptions/switchouts after 6 months upto 1 year: 0.50% c) For redemptions after 1 year : Nil For Investments > than Rs. 2 crores: Nil. • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 6 months and above • **Corpus:** Rs. 37.04 crores

• **Ratios:** Sharpe* : 0.55 Standard Deviation*: 0.05 YTM: 8.60 *Source: Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (May 02, 2002)
Short Term Plan	7.4	6.0	6.3	6.4
Crisil Short-Term Bond Fund Index	6.1	4.7	5.4	5.4

Kotak Bond Short Term NAV : Rs.13.6815 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

Past performance may or may not be sustained in future.

Portfolio - Short Term Plan

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Debentures & Bonds		
Corporate Debt / Financial Institutions		
Sundaram Finance Ltd.	AA+	13.27
BHPC Auto Sec. Trust JUNE 2005 PTC A3	AAA(so)	8.24
Total		21.51
Public Sector Undertakings		
Loan Sec. Trust Series XII	LAAA	13.09
Total		13.09
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
Corporation Bank	P1+	12.32
State Bank of Patiala	P1+	10.52
Total		22.84
Treasury Bills		
91 Days Treasury Bill 08/06/2007	SOV	13.49
Total		13.49
Net Current Assets/(Liabilities)		29.07
Grand Total		100.00

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 0.78

Total NPA provided for and percentage to NAV : NIL

Sector Allocation

Debentures and Bonds	34.6%
Commercial Paper / Certificate of Deposits	22.8%
Treasury Bills	13.5%
Net Current Assets	29.1%

Rating Profile

AAA, P1+ & SOV	57.6%
AA+	13.3%
Net Current Assets	29.1%

Sector Allocation

Debentures and Bonds	74.4%
Equities	19.5%
Term Deposits	0.8%
Net Current Assets	5.3%

KOTAK BOND

Open-Ended Debt Scheme

About the Scheme

• **Investment Objective** - To create a portfolio of debt and money market instruments of different maturities so as to spread the risk across a wide maturity horizon & different kinds of issuers in the debt market. • **Plan** - (a) Deposit (b) Regular • **Available Options** - (a) DP, DR & G (b) DP, DR, G & B • **Fund Manager** - Ritesh Jain • **Loads - (a) Entry:** Nil **Exit:** 0.5% for redemptions within 6 months where investment amount <= Rs. 10 lacs. Nil for investment amount > Rs. 10 lacs (b) **Entry:** Nil **Exit:** Nil. • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1-2 years • **Corpus:** Rs. 38.45 crores • **Ratios** (For Bond Regular Plan) : Sharpe* : 0.08 Standard Deviation* : 0.14 YTM: 7.35 *Source: Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (Nov 25, 1999)
Deposit Plan	5.1	3.8	6.3	8.7
Regular Plan	6.8	4.7	7.1	9.5
Crisil Composite Bond Index	3.7	2.8	5.3	0.0

Kotak Bond Deposit NAV : Rs.18.7421 (Growth Option)

Kotak Bond Regular NAV : Rs 19.7768 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

Past performance may or may not be sustained in future.

Portfolio - Deposit & Regular Plans

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Debentures & Bonds		
Corporate Debt / Financial Institutions		
Long Bond Receivables NMBR 400BP 2006 IV PTC A1	AAA(so)	16.75
HDFC Ltd.	AAA	12.42
Credit Asset Trust Ser VI PTC Class A	F1+(ind)	5.18
Indian Retail ABS Trust Series 56 PTC A2	AAA	4.65
ICICI Securities Ltd.	AAA	2.56
Citifinancial Consumer Finance India Ltd.	AAA	2.12
Infrastructure Leasing & Financial Services Limited	LAAA	1.24
Total		44.92
Government Dated Securities		
7.49% Government Stock - 2017	SOV	4.99
Total		4.99
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Public Sector Undertakings		
State Bank of Mysore	A1+	3.61
Total		3.61
Treasury Bills		
364 Days Treasury Bill 23/05/2008	SOV	12.10
Total		12.10

KOTAK GILT SAVINGS

Open-Ended Dedicated Gilt Scheme

About the Scheme

• **Investment Objective** - To generate risk-free returns through investments in sovereign securities issued by the Central Government and/or State Governments and/or reverse repos in such securities. • **Available Options** - DP, DR & G • **Fund Managers** - Ritesh Jain & Abhishek Bisen • **Loads - Entry:** Nil **Exit:** Nil. • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 6 months and above • **Corpus:** Rs. 12.38 crores
• **Ratio:** Sharpe* : 0.01 • Standard Deviation* : 0.11 YTM: 6.50 *Source: Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (Dec 29, 1998)
Savings Plan	5.6	5.4	5.6	7.5
ISEC SIBEX	6.8	5.2	6.4	-

Kotak Gilt Savings Plan :Rs.18.3513 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio - Savings Plan

Issuer/ Instrument	Industry /Rating	% to Net Assets
Money Market Instruments		
Treasury Bills		
364 Days Treasury Bill 23/05/2008	SOV	37.60
91 Days Treasury Bill 08/06/2007	SOV	32.29
364 Days Treasury Bill 03/08/2007	SOV	23.95
Total		93.84
Net Current Assets/(Liabilities)		
Grand Total		100.00

Average Maturity of the Portfolio : 0.42 years

Total NPA provided for and percentage to NAV : NIL

Sector Allocation

Treasury Bills	93.8%
Net Current Assets	6.2%

KOTAK GILT INVESTMENT

Open-Ended Dedicated Gilt Scheme

About the Scheme

• **Investment Objective** - To generate risk-free returns through investments in sovereign securities issued by the Central Government and/or State Governments and/or reverse repos in such securities. • **Plans** - Regular, PF & Trust • **Available Options** - DP, DR & G • **Fund Manager** - Ritesh Jain • **Loads - Entry:** Nil **Exit:** Nil. • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - More than 1 year • **Corpus:** Rs. 27.25 crores
• **Ratios (For Regular Plan):** Sharpe* : -0.09 YTM: 7.05 • Standard Deviation* : 0.40
*Source: Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (Inv Plan - Dec 29, '98; Inv PF & Trust Plan - Nov 11, '03)
Regular Plan	4.2	2.8	7.3	10.8
PF & Trust Plan	4.6	3.3	-	3.1
ISEC Composite Index	6.3	3.6	7.3	3.0 \$

Kotak Gilt Investment Regular Plan : Rs.23.7355 (Growth Option)

Kotak Gilt Investment PF & Trust Plan : Rs. 24.0650 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)

\$ The benchmark return corresponds only to Investment - PF and Trust Plan

Past performance may or may not be sustained in future

Portfolio-Investment-Regular, Provident Fund & Trust Plans

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Government Dated Securities		
7.49% Government Stock - 2017	SOV	28.14
Total		28.14
Money Market Instruments		
Treasury Bills		
364 Days Treasury Bill 23/05/2008	SOV	34.15
364 Days Treasury Bill 03/08/2007	SOV	7.25
Total		41.40
Net Current Assets/(Liabilities)		
Grand Total		100.00

Average Maturity of the Portfolio : 3.13 years

Total NPA provided for and percentage to NAV : NIL

Sector Allocation

Government Dated Securities	28.1%
Treasury Bills	41.4%
Net Current Assets	30.5%

KOTAK FLEXI DEBT

Open-Ended Debt Scheme

About the Scheme

• **Investment Objective** - To maximise returns through an active management of a portfolio of debt and money securities. • **Available Options** - DP, DR & G • **Fund Manager** - Ritesh Jain
• **Loads - Entry:** Nil **Exit:** Nil. • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 7 days • **Corpus:** Rs. 1777.07 crores • **Ratio:** YTM: 8.75

Performance as on May 31, 2007

	last 1 year	Since Allotment (Dec 06, 2004)
Kotak Flexi Debt	7.9	7.0
CRISIL Composite Bond Fund Index	3.7	4.2

Kotak Flexi Debt NAV: Rs.11.8136 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Debentures & Bonds		
Corporate Debt / Financial Institutions		
Mahindra & Mahindra Financial Services Ltd.	P1+	5.63
Sterlite Industries (India) Ltd	P1+	5.62
Global Trade Finance Ltd.	P1+	4.22
DSP ML Capital Ltd.	P1+	2.81
Madras Cements Ltd.	A1+	1.97
Raymond Ltd.	PR1+	1.80
Graphite India Limited.	A1+	1.69
Long Bond Receivables NMBR 400BP 2006 III PTC A	AAA(ind)	1.62
Citifinancial Consumer Finance India Ltd.	AAA	1.61
Deccan Chronicle Holding Ltd.	P1+	1.41
Kotak Mahindra Prime Ltd.	LAA	1.39
Coromandel Fertilisers Ltd.	P1+	1.18
Citicorp Finance (India) Ltd.	AAA	0.74
HDFC Ltd.	AAA	0.54
LIC Housing Finance Ltd.	AAA	0.52
Infrastructure Development Finance Co. Ltd	AAA	0.29
GE Capital Services India.	AAA	0.28
Bajaj Auto Finance Limited	AA+	0.25
Mahindra & Mahindra Financial Services Ltd.	AA+	0.23
Indian Retail ABS Trust Series 56 PTC A2	AAA	0.20
Credit Asset Trust Ser VI PTC Class A	F1+(ind)	0.17
UTI Bank Ltd.	LAA+	0.11
Indian Retail ABS Trust Ser 39 PTC A2	LAAA(SO)	0.00
Total		34.28
Public Sector Undertakings		
Loan Sec. Trust Series XII	LAAA	1.28
Housing & Urban Development Corporation Ltd.	PR1+	0.56
Indian Railway Finance Corporation Ltd.	AAA	0.29
Total		2.13
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
TML Financial Services Limited.	P1+	3.30
Citibank N.A.	P1+	3.28
ABN Amro Bank N.V	A1+	2.69
HDFC Bank Ltd.	P1+	1.50
ICICI Bank Ltd.	A1+	1.41
IndusInd Bank Ltd.	A1+	1.41
Shriram Transport Finance Co Ltd.	F1+(ind)	1.40
Federal Bank Ltd.	P1+	1.38
UTI Bank Ltd.	P1+	1.38
Rabo India Finance Pvt Ltd.	P1+	1.38
American Express Bank Ltd	A1+	1.36
Adlabs Films Ltd.	A1+	1.10
Sundaram Finance Ltd.	P1+	1.08
Micro Inks	PR1+	0.84
Development Credit Bank Ltd.	P1+	0.76
United Phosphorus Ltd.	PR1+	0.59
ICICI Bank Ltd.	P1+	0.56
L&T Finance limited	PR1+	0.56
UTI Bank Ltd.	A1+	0.56
ABN Amro Bank N.V	P1+	0.55
Jammu & Kashmir Bank	P1+	0.55
HDFC Bank Ltd.	PR1+	0.55
ICICI Home Finance Company Limited	A1+	0.54
EDELWEISS Securities Private Limited	P1+	0.53
Karnataka Bank Ltd	P1+	0.52
Total		29.78
Public Sector Undertakings		
State Bank of Saurashtra	A1+	2.76
Punjab National Bank	F1+(ind)	2.75
State Bank Of India.	P1+	2.56

IDBI Bank Ltd.	P1+	2.37
Canara Bank	P1+	1.84
State Bank of Bikaner & Jaipur	P1+	1.68
Union Bank of India	P1+	1.43
Allahabad Bank	P1+	1.40
UCO Bank	P1+	1.32
Corporation Bank	P1+	1.28
State Bank of Indore	P1+	1.11
State Bank of Travancore	P1+	0.80
State Bank of Mysore	A1+	0.78
Export-Import Bank of India.	P1+	0.54
Total		22.62
Treasury Bills		
91 Days Treasury Bill 08/06/2007	SOV	1.29
Total		1.29
Reverse Repo		11.25
Net Current Assets/(Liabilities)		-1.35
Grand Total		100.00

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 0.26

Total NPA provided for and percentage to NAV : Nil
All ratings other than by CRISIL are by ICRA or CARE or Fitch.

Sector Allocation

Commercial Paper / Certificate of Deposits	52.4%
Debentures and Bonds	36.4%
Reverse Repo	11.3%
Treasury Bills	1.3%
Net Current Assets	-1.4%

Rating Profile

AAA, P1+, PR1+, A1+, F1+ & SOV	88.1%
AA+	0.6%
AA	1.4%
Reverse Repo	11.3%
Net Current Assets	-1.4%

KOTAK FLOATER LONG TERM

Open-Ended Debt Scheme

About the Scheme

• **Investment Objective** - To reduce the interest rate risk associated with investments in fixed rate instruments by investing predominantly in floating rate securities, money market instrument and using appropriate derivatives • **Available Options** - DP, DR & G • **Fund Managers** - Ritesh Jain & Abhishek Bisen • **Loads - Entry:** Nil **Exit:** 0.5% for redemptions within 6 months where investment amount <= Rs. 10 lacs. Nil for investment amount > Rs. 10 lacs. • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 3 months & above • **Corpus:** Rs. 47.18 crores • **Ratio:** YTM: 8.10

Performance as on May 31, 2007

	Last 1 year	Since Allotment (Aug 13, 2004)
Kotak Floater Long Term	7.5	6.2
CRISIL Liquid Fund Index	7.2	5.7

Kotak Floater Long Term NAV : Rs. 11.8368 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio - Long Term

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Debentures & Bonds		
Corporate Debt / Financial Institutions		
Mahindra & Mahindra Financial Services Ltd.	AA+	15.90
Manaksia Ltd	PR1+	12.72
ICICI Bank Ltd.	CARE AAA	10.61
Shriram Transport Finance Co Ltd.	AAA(so)	10.48
UTI Bank Ltd.	LAA+	6.49
Sundaram Finance Ltd.	AA+	6.36
Indian Retail ABS Trust Series 56 PTC A2	AAA	5.68
Total		68.24
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
ABN Amro Bank N.V	A1+	8.23
Total		8.23
Public Sector Undertakings		
Corporation Bank	P1+	9.67
Total		9.67
Treasury Bills		
91 Days Treasury Bill 08/06/2007	SOV	10.59
Total		10.59
Net Current Assets/(Liabilities)		3.27
Grand Total		100.00

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 0.38

Total NPA provided for and percentage to NAV : Nil
All ratings other than by CRISIL are by ICRA or CARE or Fitch.

Sector Allocation

Debentures and Bonds	68.2%
Commercial Paper / Certificate of Deposits	17.9%
Treasury Bills	10.6%
Net Current Assets	3.3%

Rating Profile

AAA, P1+, PR1+ A1+ & SOV	68.0%
AA+	28.7%
Net Current Assets	3.3%

KOTAK CASH PLUS

Open-Ended Income Oriented Scheme

About the Scheme

• **Investment Objective** - To generate income from investment in debt and money market securities and by availing arbitrage opportunities between prices of spot and derivatives markets. • **Available Options** - DP, DR & G • **Fund Managers** - Ritesh Jain & Sajit Pisharodi • **Loads - Entry:** Nil **Exit:** 0.50% if redeems within 30 days from the date of allotment of units. • **Minimum Initial Investment:** Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1 - 3 months • **Corpus:** Rs. 25.07 crores • **Ratio:** YTM: 7.25

Performance as on May 31, 2007

	last 1 year	Since Allotment (Sept 29, 2005)
Kotak Cash Plus	7.6	7.7
CRISIL Liquid Fund Index	6.4	5.1

Kotak Cash Plus NAV : Rs. 11.3262 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio - Cash Plus

Issuer/ Instrument	Industry /Rating	% to Net Assets
Equity & Equity related		
Listed/Awaiting listing on Stock Exchange		
Tata Teleservices Ltd	Telecom - Services	5.77
Global Tele Systems Ltd.	IT Consulting and Services	5.72
Gateway Distriparks Ltd.	Transportation	5.64
SRF Ltd.	Auto Ancillaries	5.25
Industrial Development Bank of India Ltd.	Banks	5.09
State Bank Of India	Banks	4.59
Deccan Aviation Ltd	Transportation	3.87
IndusInd Bank Ltd.	Banks	3.42
Lupin Ltd.	Pharmaceuticals	2.98
Arvind Mills Ltd.	Textile Products	2.80
Praj Industries Ltd.	Industrial Capital Goods	2.78
Neyveli Lignite Corporation Ltd.	Power	2.27
Dena Bank	Banks	2.16
Divi s Laboratories Ltd.	Pharmaceuticals	1.85
Great Eastern Shipping Company Ltd	Transportation	1.44
Gujarat Alkalies & Chemicals Ltd.	Chemicals	1.33
Escorts Ltd.	Auto	0.95
Shipping Corporation of India Ltd.	Transportation	0.93
Orchid Chemicals & Pharmaceuticals Ltd.	Pharmaceuticals	0.65
Federal Bank Ltd.	Banks	0.55
Alok Industries Ltd.	Textile Products	0.31
Century Textiles & Industries Ltd.	Cement	0.31
Union Bank Of India	Banks	0.30
Ballarpur Industries Ltd.	Paper	0.18
Chambal Fertilisers & Chemicals Ltd	Fertilisers	0.09
Total		61.23
Futures		
Chambal Fertilisers & Chemicals Ltd-JUN2007		-0.09
Ballarpur Industries Ltd.-JUN2007		-0.18
Union Bank Of India-JUN2007		-0.30
Century Textiles & Industries Ltd.-JUN2007		-0.31
Alok Industries Ltd.-JUN2007		-0.32
Federal Bank Ltd.-JUN2007		-0.56
Orchid Chemicals & Pharmaceuticals Ltd.-JUN2007		-0.66
Shipping Corporation of India Ltd.-JUN2007		-0.94
Escorts Ltd.-JUN2007		-0.96
Gujarat Alkalies & Chemicals Ltd.-JUN2007		-1.34
Great Eastern Shipping Company Ltd.-JUN2007		-1.46
Divi s Laboratories Limited-JUN2007		-1.85
Dena Bank-JUN2007		-2.15
Neyveli Lignite Corporation Ltd.-JUN2007		-2.30
Praj Industries Ltd.-JUN2007		-2.82
Arvind Mills Ltd.-JUN2007		-2.84
Lupin Ltd.-JUN2007		-3.01
IndusInd Bank Ltd.-JUN2007		-3.48
Deccan Aviation Ltd.-JUN2007		-3.92
State Bank Of India-JUN2007		-4.59
Industrial Development Bank of India Ltd.-JUN2007		-5.14
SRF Ltd.-JUN2007		-5.32
Gateway Distriparks Ltd.-JUN2007		-5.70
Global Tele Systems Ltd.-JUN2007		-5.74

Tata Teleservices Ltd-JUN2007	-5.85
Total	-61.83
Term Deposits	
Kotak Mahindra Bank Ltd.	21.94
Net Current Assets/(Liabilities)	78.66
Grand Total	100.00
Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 0.01	
Total NPA provided for and percentage to NAV : Nil	
All ratings other than by CRISIL are by ICRA or CARE or Fitch.	

Sector Allocation

Equities	61.3%
Futures	-61.9%
Term Deposits	21.9%
Net Current Assets	78.7%

KOTAK FLOATER SHORT TERM

Open-Ended Debt Scheme

About the Scheme

• **Investment Objective** - To reduce the interest rate risk associated with investments in fixed rate instruments by investing predominantly in floating rate securities, money market instruments and using appropriate derivatives. • **Available Options** - DR & G • **Fund Managers** - Ritesh Jain & Deepak Agrawal • **Loads - Entry:** Nil • **Exit:** Nil. • **Minimum Initial Investment** : Rs. 5000 • **Additional Investment:** In multiples of Rs. 1000.

Ideal Investment Horizon - 1 month to 3 months • **Corpus:** Rs. 225.37 crores

• **Ratio:** Standard Deviation*: 0.02 YTM: 7.25 *Source : Value Research

Performance as on May 31, 2007

	1 year	3 years	Since Allotment (July 14, 2003)
Kotak Floater Short Term	7.4	6.1	5.9
CRISIL Liquid Fund Index	7.2	5.6	5.2

Kotak Floater Short Term NAV : Rs.12.4715 (Growth Option)

Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate)
Past performance may or may not be sustained in future.

Portfolio

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Debentures & Bonds		
Corporate Debt / Financial Institutions		
Nicholas Piramal India Ltd.	A1+	6.66
Credit Asset Trust Ser VI PTC Class A	F1+(ind)	3.98
LIC Housing Finance Ltd.	AAA	2.91
Citicorp Finance (India) Ltd.	AAA	2.22
Sundaram Finance Ltd.	AA+	1.77
BHPC Auto Sec. Trust JUNE 2005 PTC A1	AAA(so)	0.55
BHPC Auto Sec. Trust AUG 05 Series A	AAA(so)	0.17
Total		18.26
Public Sector Undertakings		
Industrial Development Bank Of India.	AA+	5.00
Indian Railway Finance Corporation Ltd.	AAA	4.46
Total		9.46
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
ICICI Home Finance Company Limited	A1+	2.60
American Express Bank Ltd	A1+	2.21
Rabo India Finance Pvt Ltd.	P1+	2.21
ICICI Bank Ltd.	A1+	2.21
Tata Sons Ltd.	P1+	2.20
YES Bank Ltd.	A1+	0.66
Total		12.09
Public Sector Undertakings		
Export-Import Bank of India.	P1+	6.60
Corporation Bank	P1+	4.05
Union Bank of India	P1+	4.03
UCO Bank	P1+	2.62
Total		17.30
Treasury Bills		
182 Days Treasury Bill 07/09/2007	SOV	4.36
Total		4.36
Net Current Assets/(Liabilities)		38.53
Grand Total		100.00

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 0.18

Total NPA provided for and percentage to NAV : Nil

All ratings other than by CRISIL are by ICRA or CARE or Fitch.

Sector Allocation

Commercial Paper / Certificate of Deposits	29.4%
Debentures and Bonds	27.7%
Treasury Bills	4.3%
Net Current Assets	38.6%

Rating Profile

AAA, P1+, A1+, F1+ & SOV	54.7%
AA+	6.7%
Net Current Assets	38.6%

KOTAK LIQUID

Open-Ended Debt Scheme

About the Scheme

• **Investment Objective** - To provide reasonable returns and high level of liquidity by investing in debt and money market instruments of different maturities so as to spread the risk across different kinds of issuers in the debt markets. • **Plans** - (a) Regular (b) Institutional (c) Institutional Premium

• **Available Options** - (a) DR & G (b) DR & G (c) DP, DR & G • **Fund Manager** - Ritesh Jain
• **Loads - Entry:** Nil, **Exit:** Nil. **Minimum Initial Investment** : Regular: Rs. 5000, Institutional: Rs. 1 crore, Institutional Premium: Rs. 5 crores • **Additional Investment** : In multiples of Rs. 1000.

Ideal Investment Horizon - 7 days to 15 days • **Corpus:** Rs. 6433.45 crores

• **Ratios** (For Liquid Institutional Premium Plan) • **Sharpe*** : 2.16 **Standard Deviation***: 0.02

• **YTM:** 7.65 *Source : Value Research

Performance as on May 31, 2007

	1 year	3 years	5 years	Since Allotment (Reg. - Oct 05, '00; Instl - Mar 14, '03, Instl Prem - Nov 04, '03)
Kotak Liquid Regular Plan	6.9	5.6	5.5	6.3
Kotak Liquid Institutional Plan	7.3	5.7	-	5.7
Kotak Liquid Institutional Premium Plan	7.7	5.7	-	6.0
CRISIL Liquid Fund Index	7.2	5.6	5.3	5.3**

Kotak Liquid Regular Plan NAV: Rs.14.9979 (Growth Option); Kotak Liquid Institutional Plan NAV : Rs.15.2380 (Growth Option); Kotak Liquid Institutional Premium Plan NAV: Rs.15.3688 (Growth Option) Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate) ** The Benchmark Return corresponds only to Liquid - Institutional & Institutional Premium Plans

Past performance may or may not be sustained in future.

Portfolio-Regular, Institutional & Institutional Premium Plans

Issuer/ Instrument	Industry /Rating	% to Net Assets
Debt Instruments		
Debentures & Bonds		
Corporate Debt / Financial Institutions		
DSP ML Capital Ltd.	P1+	2.33
Citicorp Finance (India) Ltd.	AAA	0.98
GE Capital Services India.	AAA	0.98
UTI Bank Ltd.	LAA+	0.89
LIC Housing Finance Ltd.	AAA	0.86
India Loan Securitisation Trust V PTC A	AAA(so)	0.58
Rabo India Finance Pvt Ltd.	P1+	0.56
DSP ML Capital Ltd.	AAA	0.55
GE Money Financial Services Limited	AAA	0.51
Citifinancial Consumer Finance India Ltd.	AAA	0.47
L&T Finance limited	P1+	0.47
Loan Securitisation Trust Ser XLIV PTC B	A1+(SO)	0.47
ICICI Bank Ltd.	CARE AAA	0.47
Mahindra & Mahindra Financial Services Ltd.	AA+	0.46
Ballarpur Industries Ltd.	F1+(ind)	0.39
Sundaram Finance Ltd.	P1+	0.39
Shriram Transport Finance Co Ltd.	F1+(ind)	0.39
Ranbaxy Holding Company	P1	0.39
Nirma Ltd.	P1+	0.39
Whirlpool of India Ltd.	P1+	0.37
JM Financial Products Private Limited	P1+	0.35
Finolex Cables Ltd.	P1+	0.23
Birla Corporation Ltd.	PR1+	0.16
Cholamandalam DBS Finance Limited.	LAA	0.16
BHPC Auto Sec Trust SEP 05 Series A1	LAAA(SO)	0.01
BHPC Auto Sec. Trust AUG 05 Series A	AAA(so)	0.01
Indian Retail ABS Trust Ser 39 PTC A2	LAAA(SO)	0.01
Total		13.83
Public Sector Undertakings		
Indian Railway Finance Corporation Ltd.	AAA	2.95
Industrial Development Bank Of India.	AA+	1.28
Power Finance Corporation Ltd.	AAA	0.86
Export-Import Bank of India.	AAA	0.77
Union Bank of India	AA+	0.08
Housing & Urban Development Corporation Ltd.	PR1+	0.02
Total		5.96
Money Market Instruments		
Bill Rediscounting		
Deutsche Bank Bill Rediscounting 11/06/2007		0.39
Total		0.39
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
ICICI Bank Ltd.	A1+	5.14

DIVIDEND HISTORY

EQUITY SCHEMES

Record Date	Cum Dividend NAV	Rs/Unit
Kotak 30-Dividend		
Dec-27-06	38.556	5.50
Dec-27-05	27.711	1.00
Jun-03-05	20.345	1.00
Nov-05-04	18.060	1.50
Jan-31-04	21.093	5.00
Oct-20-03	18.983	2.00
Dec-28-01	11.036	1.00
Oct-09-00	17.556	2.00
Dec-11-99	22.954	2.00

Kotak Global India		
Feb-08-07	22.292	Individual / HUF : 2.5000 Others : 2.5000
Feb-08-06	19.609	2.00
Feb-04-05	13.708	1.50

Kotak MNC		
Feb-11-05	20.600	4.50

Kotak Opportunities		
Sept-27-06	17.745	1.50
Mar-21-06	21.784	4.50
Sept-28-05	16.816	1.00
Feb-25-05	12.852	0.75

Kotak Midcap		
Apr-28-06	19.4377	4.00
Aug-24-05	13.0267	0.50

Kotak Tax Saver		
Feb-20-07	11.6407	3.00

HYBRID SCHEMES

Kotak Balance		
Sept-27-06	22.870	1.00
Mar-27-06	26.645	3.50
Dec-12-05	22.232	1.00
May-16-05	18.129	0.75
Dec-13-04	16.175	0.50
Dec-12-03	15.559	2.75
Mar-13-00	13.471	1.00

Kotak Income Plus - Monthly Dividend		
May-14-07	10.8773	Individual / HUF : 0.0657 Others : 0.0612
Apr-12-07	10.7708	Individual / HUF : 0.0559 Others : 0.0520
Mar-12-07	10.7960	Individual / HUF : 0.0443 Others : 0.0412
Feb-12-07	11.0453	Individual / HUF : 0.0575 Others : 0.0535

Kotak Income Plus - Quarterly Dividend		
Mar-20-07	10.813	Individual / HUF : 0.1174 Others : 0.1093
Dec-20-06	11.0791	Individual / HUF : 0.1896 Others : 0.1765
Sep-20-06	11.0594	Individual / HUF : 0.1909 Others : 0.1778
Jun-20-06	10.9942	Individual / HUF : 0.1709 Others : 0.1591

Face value : Rs. 10/Unit

Dividend distribution is subject to availability and adequacy of distributable surplus.

After dividend is distributed, the NAV falls to the extent of the payout and statutory levy, if applicable.

HDFC Ltd.	A1+	3.57
Standard Chartered Bank Ltd	P1+	2.27
Citibank N.A.	P1+	1.97
ABN Amro Bank N.V	P1+	1.82
HDFC Bank Ltd.	P1+	1.58
Jammu & Kashmir Bank	P1+	1.54
ING Vysya Bank Ltd	P1+	0.98
Standard Chartered Investment & Loan India Ltd.	P1+	0.83
Jindal Steel & Power Ltd	A1+	0.76
ABN Amro Bank N.V	A1+	0.68
ICICI Bank Ltd.	P1+	0.46
GE Money Financial Services Limited	P1+	0.38
Rabo India Finance Pvt Ltd.	P1+	0.38
ICICI Home Finance Company Limited	A1+	0.35
BHW Home Finance Ltd	P1+	0.31
Hindustan Construction Company Ltd.	P1+	0.31
Redington (India) Ltd.	P1+	0.30
UTI Bank Ltd.	A1+	0.23
United Phosphorus Ltd.	PR1+	0.22
GE Capital Services India.	P1+	0.15
UTI Bank Ltd.	P1+	0.15
HDFC Bank Ltd.	PR1+	0.15
Rico Auto Industries Ltd.	A1+	0.15
YES Bank Ltd.	A1+	0.10
L&T Finance limited	PR1+	0.08
DSP ML Capital Ltd.	P1+	0.06
American Express Bank Ltd	A1+	0.05
Hongkong & Shanghai Banking Corporation	P1+	0.02
Tata Sons Ltd.	P1+	0.00
Total		24.99

Public Sector Undertakings		
Union Bank of India	P1+	2.00
State Bank of Bikaner & Jaipur	P1+	1.74
State Bank of Patiala	P1+	1.69
State Bank of Travancore	P1+	1.69
State Bank of Saurashtra	A1+	1.52
Union Bank of India	A1+	0.84
State Bank Of India.	P1+	0.71
Indian Bank	F1+(ind)	0.55
State Bank of Hyderabad	A1+	0.54
Punjab National Bank	A1+	0.46
UCO Bank	P1+	0.33
State Bank of Patiala	A1+	0.30
State Bank of Saurashtra	P1+	0.29
IDBI Bank Ltd.	A1+	0.23
Canara Bank	P1+	0.22
IDBI Bank Ltd.	P1+	0.16
Allahabad Bank	P1+	0.15
State Bank of Mysore	A1	0.15
State Bank of Mysore	A1+	0.15
Export-Import Bank of India.	P1+	0.08
Total		13.80

Treasury Bills		
91 Days Treasury Bill 08/06/2007	SOV	0.51
Total		0.51

Collateral Borrowing & Lending obligation		18.03
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Term Deposits		
Canara Bank Limited		5.44
State Bank Of Bikaner & Jaipur		2.88
HSBC Bank Limited		2.52
UTI Bank Limited		2.33
Punjab National Bank		1.55
Kotak Mahindra Bank Limited		0.78
Total		15.50

Reverse Repo		5.42
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Net Current Assets/(Liabilities)		1.57
Grand Total		100.00

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments : 0.19

Total NPA provided for and percentage to NAV : Nil

All ratings other than by CRISIL are by ICRA or CARE or Fitch.

Sector Allocation

Commercial Paper / Certificate of Deposits	38.8%
Debentures and Bonds	19.7%
Treasury Bills	0.5%
Bill Rediscounting	0.4%
Collateral Borrowing & Lending obligation, Term Deposits & Reverse Repo	39.0%
Net Current Assets	1.6%

Rating Profile

AAA, P1+, PR1+, A1+, F1+ & SOV	56.2%
AA+	2.7%
AA	0.2%
Bill Rediscounting	0.4%
Collateral Borrowing & Lending obligation, Term Deposits & Reverse Repo	39.0%
Net Current Assets	1.6%

Risk Factors

We declare that we, Kotak Mahindra Asset Management Company Limited, and/or are employees, have short / long positions in the security(ies) in respect of which investment advice is being rendered.

Risk Factors:

• Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Schemes will be achieved. • As with any securities investment, the NAV of the Units issued under the Schemes can go up or down depending on the factors and forces affecting the capital and money markets. Past performance of the Sponsor/AMC/Fund or that of existing Schemes of the Fund does not indicate the future performance of the Schemes. • Kotak Mahindra Gilt Unit Scheme '98 (Kotak Gilt), Kotak Mahindra Bond Unit Scheme 99 (Kotak Bond), Kotak Mahindra Liquid Scheme (Kotak Liquid), Kotak Mahindra 30 Unit Scheme (Kotak 30), Kotak Mahindra Balance Unit Scheme 99 (Kotak Balance), Kotak Mahindra Technology Scheme (Kotak Tech), Kotak Mahindra MNC Scheme (Kotak MNC), Kotak Mid-Cap Scheme (Kotak Mid-Cap), Kotak Floater Short Term Scheme, Kotak Mahindra Global India Scheme (Kotak Global India), Kotak Mahindra Income Plus Scheme (Kotak Income Plus), Kotak Equity FOF, Kotak Opportunities, Kotak Floater Long Term Scheme, Kotak Flexi Debt Scheme (Kotak Flexi Debt), Kotak Dynamic Fund of Funds, Kotak Contra Scheme, Kotak Flexi FOF, Kotak Cash Plus Scheme, Kotak Tax Saver & Kotak Lifestyle scheme are only the names of the Schemes and do not in any manner indicate the quality of the Schemes, future prospects or returns. • Appreciation of the value of the Units issued under Kotak 30, Kotak Tech and Kotak MNC can be restricted in the event of a high asset allocation to cash, when stock appreciates. • Investments by Kotak Tech in the Information Technology Sector will restrict the diversification of the Scheme due to which the NAV of the Units issued under the Scheme runs the risk of high volatility. • Technology stocks particularly run the risk of high volatility, high valuation and obsolescence. • The NAV of the Schemes may be affected, inter alia, by changes in the NAV / performance of the underlying schemes, market, market interest rates, Price/Interest-rate Risk and Credit Risk, Concentration or Sectoral Risk associated with derivatives trading pertaining to Equity Markets, changes in credit rating, Government policy, volatility and liquidity in the money markets, pressure on the exchange rate of the rupee, trading volumes, performance of individual stocks, settlement periods and transfer procedures, Basis Risk, Spread Risk and Re-investment Risk. • Tax laws may change, affecting the return on investment in Units. • In the event of receipt of a very large number of redemption requests or very large value redemption requests or of restructuring of the Schemes' portfolios or in case of limitation or suspension of redemption in the underlying schemes, there may be delays in the redemption of Units. Please refer to the paragraph on "Right to limit Redemption" in the Offer Documents.

Statutory:

Kotak Mahindra Mutual Fund has been established as a trust under the Indian Trusts Act, 1882, by Kotak Mahindra Bank Limited (liability Rs. NIL) with Kotak Mahindra Trustee Company Limited as the Trustee and with Kotak Mahindra Asset Management Company Limited as the Investment Manager. Kotak Mahindra Bank Limited is not liable or responsible for any loss or shortfall resulting from the operations of the Scheme. **Before investing, please read the Offer Documents.**

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