

February 29, 2008



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From the CEO's Desk



Dear Friends,

For a general business practitioner and observer, the central aspect of February remains - firstly anticipating - and later dissecting the Union Budget. The February of 2008 was no different in this regard.

The 2008-2009 Union Budget acquires significance additionally from the fact that

this is to be the last budget from the incumbent govt before general elections. And also because, post the January crash, the capital market participants in India looked for additional cues from the budget for deciding the future course of action. Now, it remains debatable whether these aspirations of various interest groups were met. But this Budget does take an earnest effort in providing a stimulus to domestic demand and investment cycle.

The total expenditure forecast by this budget was in the vicinity of around Rs 7508 bn, of which nearly Rs 927 bn was allocated for capital expenditure. But the real booster to demand growth came in from the loan waiver to the rural farmers, and from the upward revision of Income tax slabs for middle class tax-payers.

Back of envelope calculations suggest, that nearly 4 cr farmers would benefit from the loan waiver. While the tax-slab revision passes back the tax-saving benefit (upto Rs 55,000) to nearly 3.5 - 4 cr individual taxpayers. This translates into a sizeable real income generation for nearly 7 crore individuals (and families); which in turn is bound to boost consumption and savings for the economy. Of course, this is at the cost of moral hazard.

The other key theme of FY09 Budget was the emphasis it placed on reining in inflation. The budget proposes to achieve this by addressing the 'supply-side anomaly' of the pricing equilibrium and by bringing down the general cenvat and other special excise duties on specific commodities. This step is meant to induce growth into manufacturing sector, as well as bring down the cost of goods for the consumer.

Given the nature of generosity this budget has indulged into, it is laudable that F.M continues to remain on track, as far as his commitment to FRBM targets is concerned. The projected revenue deficit for FY09 is estimated to be at 1% of the GDP while the fiscal deficit is pegged at 2.5%. Though it remains unclear, as to how the 'off-balancesheet' items like Food & Oil subsidy, loan waiver bill and 6th Pay commission bill shall be met.

However, the capital markets continue to remain conservative in their outlook largely out of respect for the benign financial market conditions prevailing globally. In my opinion, despite the cautiousness that might have overcome the general participants, the long term outlook remains bullish. The FY09 budget has only assisted in fostering this long term perspective by increasing the short term capital

gains tax to 15%.

In this backdrop, I am optimistic that a concrete bulge of demand shall make an emergence - both in the rural as well as urban domain. The industries likely to benefit from this reinvigorated consumption would largely be FMCG, Consumer Durables, Auto, and Telecom sector.

Moreso, there are reasons to believe that the long-peaked interest rate cycle may see a downward revision in a couple of months. If so, this shall prove to be Act II of the evolving 'India Growth' story, which is now being tuned to become 'Inclusive Growth' story.

Regards,
Sandesh Kirkire

**Mutual Fund investments are subject to market risk.
Please read offer document carefully before investing.**

IN THIS ISSUE

From the Equity Fund Management Team	3
From the Debt Fund Management Team	3
About our Fund Managers	4

FUNDS

Kotak 30	5
Kotak Mid-Cap	5
Kotak Opportunities	5
Kotak Lifestyle	6
Kotak Contra	6
Kotak Equity Arbitrage	6
Kotak Tax Saver	7
Kotak Global India	8
Kotak MNC	8
Kotak Tech	8
Kotak Equity FOF	9
Kotak Dynamic FOF	9
Kotak Balance	9
Kotak Income Plus	10
Kotak Bond Short Term Plan	10
Kotak Bond	11
Kotak Gilt Savings	11
Kotak Gilt Investment	11
Kotak Flexi Debt	12
Kotak Floater Long Term	12
Kotak Floater Short Term	13
Kotak Liquid	13
DIVIDEND HISTORY	14

From the Equity Fund Management Team

February month continued to remain volatile with a downward bias. The Indian markets underperformed vis a vis the emerging and regional markets. Sensex touched a high of over 18895 intra month before falling and finally settling at 17,578 at the close of the month, net loss of 0.40% over the previous month. The global financial markets continued to bleed under growing concerns of recession fears in US.

The fall in domestic markets has been accompanied by a significant reduction in trading volumes across all segments of the market. The volumes in cash and futures trading were down 37% and 39% respectively month-on-month. The overall breadth in the market was weak and was visible in the underperformance by mid- and small-cap indices. There has been almost 31% drop in market breadth which is almost half its January levels. Intra-day volatility has doubled from its early January level and the realized and implied volatility continued to remain high. Pharmaceuticals, Consumer Staples, and Technology were the top four performing sectors whereas Financials and Utilities finished at the bottom. At the close of the month markets shed its earlier gains.

The institutional flows were relatively modest after huge flows in the previous month. FIs turned buyers in the cash segment for the month of February after a volatile month of January. They were buyer of Rs.1733.30 Cr. in the cash segment and Domestic Mutual funds were also net buyers with inflows of Rs.513.90 Cr.

Corporate News:

- HDFC Bank and Centurion Bank of Punjab had agreed, in principle, to merge (ratio at 1 share of HDFC Bank for 29 shares of CBOP) to create the country's largest private sector financial institution in terms of branch network.
- HDFC Bank also announced that HDFC will take additional equity to maintain its shareholding.
- Unitech the country's second largest realty firm has bagged two real estate projects in Hyderabad that it would develop over the next eight years at an investment of about Rs9000 Cr.
- ADAG, in a move aimed at reducing the acquisition cost of holding for Reliance Power shareholders announced bonus shares to all the reliance power shareholders excluding the promoters. As Reliance Energy (REL) was a promoter, ADAG offered its own shares to REL to enable it to maintain its 45% holding in Reliance Power.
- REL board also announced plans for a buyback of its shares and convened a meeting on March 5 for the same.
- JP Associate's shares were under pressure after confusion crept over its ownership in its subsidiary JP Infratech. Although the same was clarified by the company later but the shares continued to remain under pressure.

Economy News:

- Government hiked fuel price for diesel and petrol by Re1/ltr and Rs2/ltr respectively and has decided to issue more oil bonds (from 42.7% of total under recoveries to 56-57%).
- IIP growth slowed down to 7.6% on YoY basis on account of base effect. The growth number was 5.3% in the month of November.
- India's foreign exchange reserves rose to \$294.6 bn for the week ending 22nd Feb, 08.
- The Rail Budget was announced last month and it focused on modernization with moderation of fares/freight. Key measures announced was an investment plan of Rs2500bn over next 5 years, reduction of freight on petrol/diesel by 5% and fly ash by 14%.
- The Union budget was also announced last month and the key recommendations were to waive debt of small farmers. Total cost of the farm waiver scheme is estimated to be Rs600bn. Personal income tax saw a relaxation in form of raising tax exempt limits (from Rs. 1,10,000 to Rs. 1,50,000) as well as raising the income threshold limits for higher tax rates. These will provide more disposable income in the hands of individuals and help spur consumption. In other measures aimed at increasing consumption, budget announced cut in excise duty for small cars and 2/3 wheelers by 4%. There were no major changes in customs duty or corporate tax rates. Short term capital gains tax rates have been increased to 15% and Securities Transaction tax treatment has been changed to being a business expense which earlier was allowed as tax credit. Commodities trading would attract Commodities transaction tax

Outlook

We believe that Indian economy being more domestic oriented is in a fundamentally stronger position in comparison with other emerging markets and is less vulnerable to recession in USA. The financial markets are however not immune to the global events in the short term and to that extent the near term implication for Indian equities can be driven by global sentiments. We continue to maintain that Indian equities remain a preferred asset class for both domestic and international investors considering India's economic potential & corporate sector's growth plans. The risk reward in this environment favors long term investors and we recommend investors to stay invested with a long term horizon and also use dips as buying opportunity to increase their investments in equity assets.

From the Debt Fund Management Team

If one thought the government was being overtly optimistic when he notified the FRBM Act passed by the previous government, the Finance Minister has scored an apparent home run in his fifth consecutive budget. For FY 07-08 the FM has managed to rein in the fiscal deficit to 3.1% (as against a budgeted figure of 3.3%) and the revenue deficit to 1.4% (BE 1.5%). For the FY 08-09 the fiscal deficit is targeted at 2.5%, much below the original target of 3.0%. The FM has deferred meeting the revenue deficit target to the next year but that is understandable in an election year budget.

The devil however is in the detail. The finance minister has not accounted for the expected increase in payouts from the award of the sixth pay commission. Deducting from the provisions for the same in the railway budget it could be to the tune of Rs. 25,000 Crs. In the post budget press conference the FM talked of the RD figure of 2.5% as providing him headroom if the need does arise to borrow more. The FRBM Act targeted a fiscal deficit of 3.0% of the GDP till 2008-09 and the actual fiscal deficit could be closer to 3.0% than 2.5%. The budget targets a net borrowing figure of Rs. 1,00,000 Crs and a gross market borrowing of Rs. 1,45,000 Crs. These are less than FY 07-08 figures even in absolute terms but one can expect the final borrowing figure for FY 08-09 to be higher than the budgeted figure anywhere between Rs 20,000 – 25,000 Crs.

The Rs. 60,000 Crs farm debt waiver announced in the budget to be spread over three years too has not been provided for in the budget. The FM refused to go into the details of the package but it could involve either a cash outgo or issuance of more bonds by the government. Financing the farm package in cash will probably involve divestment of PSUs. Transferring government holdings in PSU banks to banks in lieu of loan write offs could also be one way of finance the farm package. However if the government issues bonds to compensate banks, it will add to the slew of off balance sheet bonds of which there is already a fair supply in the market. In the budget the FM mentioned that he intends to request the 13th Finance Commission to revisit the roadmap for fiscal adjustment after adjusting for these off balance sheet bond issuances. The TFC could well recommend that the oil subsidy should be taken in to the fiscal deficit calculations and provide a new FRBM roadmap with deferred targets which would mean more G Sec issuances in future years.

With the budget now over and done with the confusion over the award of SLR status to oil bonds too should be put to rest for the time being. The market will now start to focus on other bond fundamentals. With credit off take and IIP slowing down we maintain the medium term bond bullish stance. This stance however is tempered with the expected liquidity tightness in March and rising inflation, which is a global concern. Globally inflation has been pushed up by agricultural and commodity prices. While India is fairly ring fenced from high global agricultural prices it is still vulnerable to imported inflation from the commodity space. While the government has cut indirect taxes in the budget these are inadequate as a bulwark to high global commodity prices. With the US heading towards recession there is reason to believe that non-agricultural commodity prices will eventually come off which will support bonds. While we believe that RBI will cut benchmark interest rates only in July bond markets can rally once the March liquidity tightness is over and 10 year G Sec rates could reach 7.25% in April.

Assets under Management as on February 29, 2008 - Rs. 19,731.48 Crores

About our Fund Managers

FUND MANAGER

Name: Mr. Krishna Sanghavi

Scheme (experience in managing this fund since)

Kotak 30 (Jul 11, '07), Kotak Midcap (Sep 11, '07), Kotak Opportunities (Jul 11, '07), Kotak Lifestyle (Sep 11, '07), Kotak Tax Saver (Sep 11, '07), Kotak MNC (Sep 11, '07), Kotak Balance (Jul 11, '07), Kotak Income Plus (Sep 11, '07).

BUSINESS EXPERIENCE

Mr. Sanghavi more than 11 years of experience in Credit Appraisal & Credit Risk Management, Dealer Finance, Business Planning and Fund Management. He joined Kotak Group in 1997 and has worked with Kotak Mahindra Primus Ltd., Kotak Mahindra Finance Ltd. & Kotak Mahindra Old Mutual Life Insurance Ltd. Before joining Kotak group he had worked with IDBI for nearly 2 years.

Name: Mr. Sajit Pisharodi

Scheme (experience in managing this fund since)

Kotak Equity Arbitrage (Sep 29, '05), Kotak Equity FOF (Aug 31, '05), Kotak Dynamic FOF (Aug 31, '05),

Experience of nearly 11 years in the field of financial services. Joined the AMC in February, 2004. Prior to that, Mr. Pisharodi was involved in the equity dealing function at SBI Funds Management Pvt. Ltd. He started his career with Stock Holding Corporation of India Ltd., where he was involved in objections clearance in the custodial services division and moved on to IDBI Capital Markets Pvt. Ltd., where he was part of the broking arm, and involved in equity sales and dealing.

Name: Mr. Anurag Jain

Scheme (experience in managing this fund)

Kotak Midcap (Sept 11, '07), Kotak Opportunities (Jul 11, '07), Kotak Contra (Jul 11, '07), Kotak Tax Saver (Sept 11, '07), Kotak Global India (Sept 11, '07), Kotak MNC (Sept 11, '07), Kotak Tech (Sept 11, '07)

Mr. Jain has close to 6 years of experience in financial engineering and equity research. He joined the equity markets in 2001 working with SBI Mutual Fund, ICICI Bank followed with SSKI securities. He joined the AMC in August 2005, as a part of the equity fund management team for evaluating investment opportunities in equities.

Name: Mr. Ritesh Jain

Scheme (experience in managing this fund)

Kotak Equity Arbitrage (Sept 29, '05), Kotak Balance (Jul 11, '07), Kotak Income Plus (Sept 11, '07), Kotak Bond Short Term (May 16, '05), Kotak Bond (Regular & Deposit) (May 16, '05), Kotak Gilt Savings (May 16, '05), Kotak Gilt Investment (Regular & PF-Trust) (Dec 20, '98), Kotak Flexi Debt (May 16, '05), Kotak Floater Long Term (Aug 13, '04), Kotak Floater Short Term (May 16, '05), Kotak Liquid (May 16, '05)

Experience of 7 years. Having begun his career in foreign exchange banking at Corporation Bank, he then moved to IDBI Bank Ltd., where he managed money market treasury (trading and ALM management). Prior to joining the Kotak Mahindra group, he also worked briefly at Ranbaxy Laboratories Ltd., managing US\$ 500 Million of foreign exchange treasury. Mr. Jain joined the AMC in 2003 as part of the Fund Management team.

Name: Mr. Sanjib Guha

Scheme (experience in managing this fund)

Kotak 30 (Jul 11, '07), Kotak Lifestyle (Sep 11, '07), Kotak Emerging Equity (Sept 11, '07), Kotak Contra (Jul 11, '07), Kotak Global India (Sep 11, '07), Kotak Tech (Sep 11, '07), Kotak Balance (Jul 11, '07), Kotak Income Plus (Sep 11, '07),

Past experience of over 6 years in Equity Research & Fund Management. Covered Oil & Gas, Auto, FMCG & Media as Equity Research Analyst. Last assignment was with UTI AMC (2001 – Jun 2007).

Name: Mr. Imran Sayed

Scheme (experience in managing this fund)

Kotak Bond (Regular & Deposit) (Jul 11, '07), Kotak Gilt Savings (Jul 11, '07), Kotak Gilt Invest (Regular & PF-Trust) (Jul 11, '07), Kotak Floater Long Term (Jul 11, '07)

Over six years of experience in the debt market. Before joining Kotak MF was working at Sahara India Financial Corporation managing the debt portfolio. Prior to that was working at Darashaw securities as an IRS dealer.

Name: Mr. Deepak Agrawal

Scheme (experience in managing this fund)

Kotak Bond Short Term (Jul 11, '07), Kotak Flexi Debt (Jul 11, '07), Kotak Floater Short Term (Nov 1, '06), Kotak Liquid (Jul 11, '07),

Mr. Agrawal started his career with the AMC in September 2000 and moved to Debt Fund Management Team as research analyst in September 2001. Since April 2004, Mr Agrawal was Dealer in the debt fund management team

KOTAK 30

Open-Ended Equity Growth Scheme

About The Scheme

Investment Objective - to generate capital appreciation from a portfolio of predominantly equity related securities. The portfolio will generally comprise of equity and equity related instruments of around 30 companies which may go up to 39 companies.

▪ **Available Options** - DPDR & G. **Fund Managers** - Krishna Sanghvi and Sanjib Guha.
Loads - Entry: a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor. iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/Balanced/Equity FOF Schemes vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in multiples of Re.1 **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 627.48 crores **Ratios:** Portfolio Turnover: 290.56% Total Expense Ratio: 2.24% Beta*: 0.92 Sharpe*: 1.40 Standard Deviation*: 24.43 Alpha*: 7.65 * Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since allotment (Dec 29, 1998)
Kotak 30*	26.2	51.3	42.8	51.6	28.1
S&P CNX Nifty	19.4	39.4	35.4	37.5	21.5

Kotak 30 NAV : Rs.35.725 (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

Issuer / Instrument	Industry / Rating	% to Net Assets
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Industries Limited.	Petroleum Products	7.46%
Larsen And Toubro Limited.	Industrial Capital Goods	5.05%
HDFC Limited.	Finance	4.46%
Bharat Heavy Electricals Limited.	Industrial Capital Goods	4.37%
Oil & Natural Gas Corporation Limited.	Oil	3.97%
Aditya Birla Nuvo Limited	Textile Products	3.53%
Infosys Technologies Limited.	Software	3.50%
Sterlite Industries (India) Limited	Non - Ferrous Metals	3.35%
Axis Bank Limited	Banks	3.26%
Bharti Airtel Limited.	Telecom - Services	3.16%
Others		51.91%
Listed/Awaiting listing on Stock Exchange - Total		94.02%

Money Market Instruments

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

Corporate Debt / Financial Institutions	Rating	% to Net Assets
YES Bank Limited.	A1+	3.18%
Corporate Debt /Financial Institut -Total		3.18%
Term Deposits		
Kotak Mahindra Bank Limited.		0.80%
Term Deposits - Total		0.80%
Collateral Borrowing & Lending obligatn		2.07%
Net Current Assets/(Liabilities)		-0.07%
Grand Total		100.00%

SECTOR ALLOCATION

Banks	11.04
Industrial Capital Goods	10.85
Petroleum Products	9.49
Construction	8.03
Software	6.65
Telecom - Services	5.91
Finance	5.61
Power	5.38
Ferrous Metals	4.39
Consumer Non Durables	4.34
REST	28.31

SIP Returns	1 year	3 Year	5 Year	7 Year
Investment Amt.	Rs.12,000	Rs.36,000	Rs.60,000	Rs.84,000
Investment Value	Rs.13,236	Rs.59,224	Rs.1,71,103	Rs.3,59,244
XIRR	19.73%	35.22%	43.45%	41.20%

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 Managers** - Krishna Sanghvi and Anurag Jain.
Loads - Entry: a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor. iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/

Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in multiples of Re.1 **Ratios:** Beta*: 0.80 Sharpe*:4.83 Standard Deviation*: 26.30 Alpha*: 1.06 Portfolio Turnover: 167.83% Total Expense Ratio: 2.34% **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 199.73 crores.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	Since Allotment (Feb. 24, 2005)
Kotak Mid-Cap	8.5	25.9	33.7	33.3
CNX Midcap	22.7	48.4	34.4	34.4

Kotak Midcap NAV : Rs.24.321 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Welspun Gujarat Stahl Rohren Ltd.	Ferrous Metals	4.41%
Aditya Birla Nuvo Limited	Textile Products	3.88%
Canara Bank	Banks	3.62%
GVK Power & Infrastructure Ltd.	Power	3.03%
Hindustan Construction Co.Ltd	Construction	2.91%
Godrej Industries Ltd	Chemicals	2.64%
Mahindra Lifespace Developers Ltd	Construction	2.56%
Bharat Earth Movers Ltd.	Industrial Capital Goods	2.53%
Gammon India Ltd.	Construction	2.43%
Pantaloon Retail (India) Ltd.	Retailing	2.39%
Others		60.82%
Listed/Awaiting listing on Stock Exchange - Total		91.22%

Term Deposits

Kotak Mahindra Bank Limited	2.50%
Term Deposits - Total	2.50%
Collateral Borrowing & Lending obligation	5.51%
Net Current Assets/(Liabilities)	0.77%
Grand Total	100.00%

SECTOR ALLOCATION

Construction	16.61
Banks	11.78
Power	10.67
CBLO & Term Deposit & Rev.Repo	8.01
Ferrous Metals	6.60
Pharmaceuticals	5.70
Finance	5.10
Industrial Capital Goods	4.17
Media and Entertainment	4.07
Textile Products	3.88
REST	23.41

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 Managers** - Krishna Sanghvi and Anurag Jain. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor. iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in multiples of Re.1 **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 754.78 crores. **Ratios:** Portfolio Turnover: 235.35% Total Expense Ratio: 2.29% Beta*: 0.89 Sharpe*: 14.09 Standard Deviation*: 26.20 Alpha*: 1.52 * Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	Since allotment (Sep 09, 2004)
Kotak Opportunities	36.3	60.1	50.3	53.6
S&P CNX 500	19.8	40.2	33.6	38.7

Kotak Opportunities NAV :Rs.44.370 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Industries Ltd.	Petroleum Products	4.24%
Larsen And Toubro Ltd.	Industrial Capital Goods	3.27%
Infrastructure Develnt Finance Co. Ltd	Finance	2.95%
Aditya Birla Nuvo Limited	Textile Products	2.72%
ICICI Bank Ltd.	Banks	2.52%
Jindal Steel & Power Ltd.	Ferrous Metals	2.44%
Reliance Capital Ltd.	Finance	2.32%
Axis Bank Ltd	Banks	2.30%
IVRCL Infrastructures & Projects Ltd.	Construction	2.20%

Aban Offshore Ltd.	Industrial Services	2.19%
Others		63.30%
Listed/Awaiting listing on Stock Exchange - Total		90.45%

Term Deposits

Kotak Mahindra Bank Limited.		0.86%
Term Deposits - Total		0.86%
Collateral Borrowing & Lending obligation		6.76%
Net Current Assets/(Liabilities)		1.93%
Grand Total		100.00%

SECTOR ALLOCATION

Construction	12.41
Banks	10.70
Finance	8.45
Ferrous Metals	8.15
CBLO & Term Deposit & Rev.Repo	7.62
Industrial Capital Goods	6.86
Petroleum Products	5.83
Consumer Non Durables	4.80
Software	4.66
Power	3.83
Rest	26.69

*Kotak Opportunities is one of the 5-star rated funds by Value Research in the Equity Diversified category considering 88 open-ended schemes as on December 31, 2007 on the basis of weighted average monthly returns for the last 3 years. Value Research Fund Ratings are a composite measure of historical risk-adjusted returns. Five-Stars indicate that a fund is in the top 10 per cent of its category in terms of historical risk-adjusted returns. These ratings do not take into consideration any entry or exit load. The Value Research Ratings are published in Monthly Mutual Fund Performance Report and Mutual Fund Insight, which are subject to change every month. A detailed methodology of the above rating is available at www.valueresearchonline.com.

#Kotak Opportunities - Growth has secured a world rank of 56th (one-year total return of 91.01% as on December 31 07) among the World's Top 100 equity performing funds for the Year ended 2007. The World's Top 100 performing equity funds Lipper Report is based on the study of universe of all global funds classified as 'Equity' with a track record of at least one year, as on December 2007. In total 24,887 global equity funds (primary) have qualified for the study. World's Top 100 performing equity funds ranking is based on One year total returns denominated in INR for the period ending on 31st December 2007. Data source by global fund intelligence firm: Lipper, a Reuters Company (www.lipperweb.com)

KOTAK LIFESTYLE

Open - Ended Equity Growth Scheme

About The Scheme

Investment Objective - The investment objective of the fund is to generate longterm 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 Managers** Krishna Sanghvi and Sanjib Guha. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in multiples of Re.1. **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 206.77 crore. **Ratios:** Portfolio Turnover: 111.75% Total Expense Ratio: 2.25%. **Performance as on February 29, 2008**

	6 Months	1 Yr	Since Allotment (Mar 21, 2006)
Kotak Lifestyle	5.8	16.6	16.4
S&P CNX 500	19.8	40.2	25.4

Kotak Lifestyle NAV: Rs.13.4410 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
United Spirits Ltd.	Consumer Non Durables	5.39 %
ICICI Bank Ltd.	Banks	5.26 %
Pantaloon Retail (india) Ltd.	Retailing	5.12 %
HDFC Ltd.	Finance	5.07 %
ITC Ltd.	Consumer Non Durables	4.90 %
Reliance Capital Ltd.	Finance	3.97 %
Reliance Communications Ltd.	Telecom - Services	3.95 %
Tata Motors Ltd.	Auto	3.81 %
Bharti Airtel Ltd.	Telecom - Services	3.60 %
Asian Paints Ltd.	Consumer Non Durables	3.51 %
Others		44.55 %
Listed/Awaiting listing on Stock Exchange - Total		89.13%

Debt Instruments

Debentures and Bonds	
Corporate Debt / Financial Institutions	
Citicorp Finance (India) Limited.	AAA 0.48%
Corporate Debt/ Financial Institutions- Total	0.48%
Term Deposits	
Term Deposits	
Kotak Mahindra Bank Limited.	0.97%
Term Deposits - Total	0.97%
Collateral Borrowing & Lending obligation	
	6.29%
Net Current Assets/(Liabilities)	3.13%
Grand Total	100.00%

SECTOR ALLOCATION

Finance	20.59
Consumer Non Durables	18.91
Media and Entertainment	13.44
Banks	8.23
Telecom - Services	7.55
CBLO & Term Deposit & Rev.Repo	7.26
Hotels	5.28
Retailing	5.12
Auto	3.81
Textile Products	3.23
REST	6.58

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** Anurag Jain and Sanjib Guha. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in multiples of Re.1 **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 113.60 crores. **Ratios:** Portfolio Turnover: 105.66% Total Expense Ratio: 2.42% **Performance as on February 29, 2008**

	6 Months	1 Yr	Since Allotment (July 27, 2005)
Kotak Contra	15.2	30.6	25.1
S&P CNX 500	19.8	40.2	36.1

Kotak Contra NAV: Rs.18.289 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
ITC Ltd.	Consumer Non Durables	5.56 %
ICICI Bank Ltd.	Banks	5.08 %
Punjab National Bank	Banks	4.25 %
Jindal Steel & Power Ltd.	Ferrous Metals	4.06 %
ABG Infralogistics Ltd	Industrial Capital Goods	3.73 %
Tata Chemicals Ltd.	Fertilisers	3.54 %
Bharat Petroleum Corporation Ltd.	Petroleum Products	3.32 %
Aditya Birla Nuvo Limited	Textile Products	3.16 %
Indian Oil Corporation Ltd	Petroleum Products	2.96 %
Asian Paints Ltd.	Consumer Non Durables	2.94 %
Gammon India Ltd.	Construction	2.94 %
Others		50.08 %
Listed/Awaiting listing on Stock Exchange - Total		91.62%

Term Deposits

Term Deposits	
Kotak Mahindra Bank Limited.	1.32%
Term Deposits - Total	1.32%
Collateral Borrowing & Lending obligation	
	5.63%
Net Current Assets/ (Liabilities)	1.43%
Grand Total	100.00%

SECTOR ALLOCATION

Banks	16.47
Consumer Non Durables	14.98
Fertilisers	6.86
CBLO & Term Deposit & Rev.Repo	6.52
Petroleum Products	6.16
Ferrous Metals	5.76
Construction	5.52
Software	5.02
Chemicals	4.82
Pharmaceuticals	3.83
Rest	24.06

KOTAK EQUITY ARBITRAGE

Open - Ended Equity Growth Scheme

About The Scheme

Investment Objective - The investment objective of the scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivatives segment of the equity market, and by investing the balance in debt and money market instruments.

Available Options - DP, DR & G. **Fund Managers** - Ritesh Jain & Sajit Pisharodi. **Loads - Entry:** Nil. **Exit:** For Investments <= Rs. 50 lacs: a. If redeemed within 3 months from the date of allotment of units: 0.60%. b. If redeemed after 3 months, within 6 months from the date of allotment of units: 0.50%. c. If redeemed after 6 months from the date of

allotment of units: Nil. d. Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil. e. Where units are allotted upon reinvestment of Dividends: Nil. For Investments > Rs. 50 lacs: a. If redeemed on or before 30 days from the date of allotment of units: 0.50%. b. If redeemed after 30 days from the date of allotment of units: Nil. c. Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil. d. Where units are allotted upon reinvestment of Dividends: Nil. **Minimum Initial Investment:** Rs.5000. **Additional Investment:** Rs.1000 & In multiples of Re.1. **Ideal Investments Horizon:** Above 3 Months **Corpus:** Rs. 352.59 crores. **Ratios:** Total Expense Ratio: 1.08% Standard Deviation*: 1.08 Sharpe*: 3.20 Beta*: 0.17 Alpha*: 2.99 YTM: 7.50* Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	Since Allotment (Sept 29, 2005)
Kotak Equity Arbitrage Fund	4.6	9.7	8.3
CRISIL Liquid Fund Index	3.3	7.5	6.5

Kotak Equity Arbitrage NAV : Rs. 12.1523 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Industries Ltd.	Petroleum Products	6.95 %
Jindal Steel & Power Ltd.	Ferrous Metals	3.71 %
Reliance Energy Ltd.	Power	2.66 %
Jaiprakash Associates Ltd	Construction	2.45 %
Sesa Goa Ltd.	Minerals/Mining	2.21 %
Larsen And Toubro Ltd.	Industrial Capital Goods	2.04 %
Pantaloon Retail (india) Ltd.	Retailing	1.96 %
IFCI Ltd.	Finance	1.63 %
Reliance Capital Ltd.	Finance	1.61 %
Tata Steel Limited.	Ferrous Metals	1.51 %
Others		35.84 %
Listed/Awaiting listing on Stock Exchange - Total		62.57 %

FUTURES

Bharat Forge Limited.-MAR2008	-0.01%
Bombay Dyeing & Manufacturing Company Limited-MAR2008	-0.02%
3i Infotech Limited.-MAR2008	-0.03%
Bata India Limited.-MAR2008	-0.03%
Jet Airways (India) Limited.-MAR2008	-0.03%
Jindal Saw Limited.-MAR2008	-0.04%
Chennai Petroleum Corporation Limited.-MAR2008	-0.05%
Power Grid Corporation Of India Limited-MAR2008	-0.06%
Shipping Corporation of India Limited.-MAR2008	-0.07%
Sterling Biotech Limited-MAR2008	-0.08%
Infrastructure Development Finance Co. Limited-MAR2008	-0.08%
I-Flex Solutions Limited-MAR2008	-0.08%
Titan Industries Limited.-MAR2008	-0.09%
IndusInd Bank Limited.-MAR2008	-0.10%
Triveni Engineering & Industries Limited.-MAR2008	-0.10%
Praj Industries Limited.-MAR2008	-0.10%
Arvind Mills Limited.-MAR2008	-0.11%
Biocon Limited.-MAR2008	-0.11%
Global Broadcast News Limited-MAR2008	-0.13%
Patni Computers Systems Limited.-MAR2008	-0.13%
Sterlite Optical Technologies Limited-MAR2008	-0.13%
Deccan Aviation Limited-MAR2008	-0.14%
Jindal Stainless Limited.-MAR2008	-0.16%
Aurobindo Pharma Limited.-MAR2008	-0.17%
Bharat Electronics Limited-MAR2008	-0.19%
GTL Limited-MAR2008	-0.21%
State Bank Of India-MAR2008	-0.21%
Polaris Software Lab Limited.-MAR2008	-0.22%
Wire & Wireless (India) Limited.-MAR2008	-0.23%
Oswal Chemicals & Fertilizers Limited.-MAR2008	-0.25%
Aditya Birla Nuvo Limited-MAR2008	-0.36%
Orchid Chemicals & Pharmaceuticals Limited.-MAR2008	-0.37%
Nagarjuna Fertilizers & Chemicals Limited.-MAR2008	-0.37%
Ashok Leyland Limited.-MAR2008	-0.41%
Petronet LNG Limited.-MAR2008	-0.41%
Bank Of Baroda-MAR2008	-0.42%
Indian Overseas Bank-MAR2008	-0.42%
Bajaj Hindusthan Limited-MAR2008	-0.44%
Hotel Leela Venture Limited-MAR2008	-0.45%
Dena Bank-MAR2008	-0.49%
Omaxe Limited.-MAR2008	-0.51%
Neyveli Lignite Corporation Limited.-MAR2008	-0.53%
Hinduja Ventures Limited-MAR2008	-0.54%
TVS Motors Company Limited-MAR2008	-0.55%
Escorts Limited.-MAR2008	-0.56%
NIIT Limited.-MAR2008	-0.58%
Gateway Distriparks Limited.-MAR2008	-0.62%
NIIT Technologies Limited-MAR2008	-0.62%
Mahanagar Telephone Nigam Limited.-MAR2008	-0.62%
Hindustan Oil Exploration Company Limited.-MAR2008	-0.64%
Alok Industries Limited.-MAR2008	-0.66%
India Cements Limited.-MAR2008	-0.68%
Aptech Limited.-MAR2008	-0.69%
Allahabad Bank.-MAR2008	-0.74%
New Delhi Television Limited.-MAR2008	-0.75%
Jaiprakash Hydro Power Limited.-MAR2008	-0.80%
Tata Teleservices Limited-MAR2008	-0.84%
Divi s Laboratories Limited-MAR2008	-0.89%
GMR Infrastructure Limited.-MAR2008	-0.89%
LIC Housing Finance Limited.-MAR2008	-0.90%
Andhra Bank-MAR2008	-0.92%
Vijaya Bank-MAR2008	-0.99%
Maharashtra Seamless Limited.-MAR2008	-1.08%
Welspun Gujarat Stahl Rohren Limited.-MAR2008	-1.17%
Adlabs Films Limited.-MAR2008	-1.20%
Oriental Bank of Commerce-MAR2008	-1.21%
Ispat Industries Limited-MAR2008	-1.23%
Union Bank Of India-MAR2008	-1.28%
Reliance Natural Resources Limited-MAR2008	-1.37%
Industrial Development Bank of India Limited.-MAR2008	-1.38%
Reliance Petroleum Limited.-MAR2008	-1.44%
S.Kumars Nationwide Limited.-MAR2008	-1.50%
Tata Steel Limited.-MAR2008	-1.51%
Reliance Capital Limited.-MAR2008	-1.61%
IFCI Limited.-MAR2008	-1.63%
Pantaloon Retail (india) Limited.-MAR2008	-1.97%
Larsen And Toubro Limited.-MAR2008	-2.03%
Sesa Goa Limited.-MAR2008	-2.19%
Jaiprakash Associates Limited-MAR2008	-2.45%
Reliance Energy Limited.-MAR2008	-2.66%
Jindal Steel & Power Limited.-MAR2008	-3.72%
Reliance Industries Limited.-MAR2008	-6.94%

Money Market Instruments

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

Corporate Debt / Financial Institutions		
Global Trade Finance Limited	P1+	14.13%
ING Vysya Bank Limited	P1+	4.16%
ICICI Bank Limited.	A1+	3.11%
YES Bank Limited.	P1+	1.41%
Corporate Debt / Financial Institutions - Total		22.81%
Public Sector Undertakings		
State Bank Of India.	P1+	7.00%
State Bank of Travancore	P1+	5.25%
Public Sector Undertakings - Total		12.25%
Term Deposits		
Term Deposits		
Kotak Mahindra Bank Limited.		30.35%
Term Deposits - Total		30.35%
Collateral Borrowing & Lending obligation		1.28%
Net Current Assets/(Liabilities)		-29.26%
Grand Total		100.00%

SECTOR ALLOCATION

Equities	62.57
CBLO & Term Deposits & Rev. Repo	31.63
Corporate Debt / Financial Institutions	22.81
Public Sector Undertakings	12.25
Net Current Assets	-29.26

KOTAK TAX SAVER

Open - Ended Equity Linked Saving 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 Managers** - Krishna Sanghvi & Anurag Jain. **Loads** - **Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** Nil.

Minimum Initial Investment: Rs. 500 **Additional Investment:** Rs. 500 & in Multiples of Rs. 500. **Ideal Investments Horizon** - 3 years **Corpus:** Rs. 425.24 crores. **Ratios:** Portfolio Turnover: 173.68 Total Expense Ratio: 2.31%

Performance as on February 29, 2008

	6 Months	1 Yr	Since Allotment (November 23, 2005)
Kotak Tax Saver	16.2	38.2	32.3
S&P CNX 500	19.8	40.2	33.7

Kotak Tax Saver NAV:Rs.18.903 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Industries Ltd.	Petroleum Products	3.82%
Larsen And Toubro Ltd.	Industrial Capital Goods	3.11%
Aditya Birla Nuvo Limited	Textile Products	3.02%
Infrastructure Developmt Finance Co. Ltd	Finance	2.75%
Jindal Steel & Power Ltd.	Ferrous Metals	2.71%
National Thermal Power Corporation Ltd.	Power	2.49%
Sesa Goa Ltd.	Minerals/Mining	2.47%
Axis Bank Ltd	Banks	2.40%
Sterlite Industries (India) Ltd	Non - Ferrous Metals	2.36%
Welspun Gujarat Stahl Rohren Ltd.	Ferrous Metals	2.35%
Others		66.88%
Listed/Awaiting listing on Stock Exchange - Total		94.36%

Collateral Borrowing & Lending obligation

Collateral Borrowing & Lending obligation	2.82%
Net Current Assets/(Liabilities)	2.82%
Grand Total	100.00%

SECTOR ALLOCATION

Industrial Capital Goods	10.16
Finance	9.30
Power	8.01
Banks	7.48
Construction	7.35
Ferrous Metals	7.05
Petroleum Products	5.99
Software	4.83
Pharmaceuticals	4.43
Telecom - Services	3.29
REST	32.11

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** - Sanjib Guha & Anurag Jain. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000. & in Multiples of Rs.1. **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 97.11 crores. **Ratios:** Portfolio Turnover: 94.21% Total Expense Ratio: 2.41% Standard Deviation*: 22.23 Sharpe*: 1.07 Beta*: 0.81 Alpha*: 0.45 Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yrs	Since Allotment (Jan 30, 2004)
Kotak Global India	7.0	21.5	29.8	31.6
S&P CNX 500	19.8	40.2	33.6	30.7

Kotak Global India NAV:Rs.30.726 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
ICICI Bank Ltd.	Banks	6.73%
Reliance Industries Ltd.	Petroleum Products	6.34%
Reliance Communications Ltd.	Telecom - Services	6.10%
Sesa Goa Ltd.	Minerals/Mining	5.71%
Larsen And Toubro Ltd.	Industrial Capital Goods	5.44%
Welspun Gujarat Stahl Rohren Ltd.	Ferrous Metals	4.99%
Siemens Ltd.	Industrial Capital Goods	4.46%
United Spirits Ltd.	Consumer Non Durables	4.38%
Punj Lloyd Ltd.	Construction	4.37%
United Phosphorus Ltd	Pesticides	4.31%
Others		39.51%
Listed/Awaiting listing on Stock Exchange - Total		92.34%
Collateral Borrowing & Lending obligation		7.72%
Net Current Assets/(Liabilities)		-0.06%
Grand Total		100.00%

SECTOR ALLOCATION

Industrial Capital Goods	21.22
Banks	6.99
Consumer Non Durables	6.87
Ferrous Metals	6.62
Telecom - Services	6.26
Pesticides	5.89
Petroleum Products	5.29
Construction	5.04
CBLO & TERM DEPOSITS & REV. REPO	4.82
Minerals/Mining	4.78
REST	26.22

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** - Krishna Sanghvi & Anurag Jain. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in Multiples of Rs.1. **Ideal Investments Horizon** - 1-3 years **Corpus:** Rs. 33.89 crores. **Ratios:** Portfolio Turnover: 71.03% Total Expense Ratio: 2.50% Beta*: 0.68. Sharpe*: 1.16 Alpha*: 0.79 Standard Deviation*: 23.43 * Source: Value Research

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yrs	5 Yrs	Since Allotment (Apr 04, 2000)
Kotak MNC	-1.9	9.3	24.1	38.1	18.7
BSE Sensex	13.2	25.3	39.1	40.3	17.5
S&P CNX Nifty	13.2	25.8	35.7	37.6	16.6

Kotak MNC NAV :Rs. 29.862. * 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

Issuer / Instrument	Industry / Rating	% to Net Assets
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
ICICI Bank Ltd.	Banks	6.73%
Reliance Industries Ltd.	Petroleum Products	6.34%
Reliance Communications Ltd.	Telecom - Services	6.10%
Sesa Goa Ltd.	Minerals/Mining	5.71%
Larsen And Toubro Ltd.	Industrial Capital Goods	5.44%
Welspun Gujarat Stahl Rohren Ltd.	Ferrous Metals	4.99%
Siemens Ltd.	Industrial Capital Goods	4.46%
United Spirits Ltd.	Consumer Non Durables	4.38%
Punj Lloyd Ltd.	Construction	4.37%
United Phosphorus Ltd	Pesticides	4.31%
Others		39.51%
Listed/Awaiting listing on Stock Exchange - Total		92.34%
TERM DEPOSITS		
Term Deposits		
Kotak Mahindra Bank Ltd.		1.46%
Term Deposits - Total		1.46%
Collateral Borrowing & Lending obligation		5.82%
Net Current Assets/(Liabilities)		-1.20%
Grand Total		100.00%

SECTOR ALLOCATION

Industrial Capital Goods	18.26
Ferrous Metals	7.73
CBLO & TERM DEPOSITS & REV. REPO	7.72
Consumer Non Durables	7.11
Banks	6.73
Pesticides	6.34
Telecom - Services	6.10
Pesticides	5.87
Minerals/Mining	5.71
Construction	4.37
REST	24.06

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 technology, other technology enabled companies and related sectors as given in the investment strategy.

Available Options - DP & DR **Fund Managers** - Sanjib Guha & Anurag Jain. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a close ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in Multiples of Rs. 1. **Investments Horizon Ideal** - 1-3 years **Corpus:** Rs. 27.20 crores. **Ratios:** Portfolio Turnover: 89.97% Total Expense Ratio: 2.25% Beta*: 0.92 Sharpe*: 1.60 Alpha*: 0.45 Standard Deviation*: 24.10 * Source: Value Research

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since Allotment (April 04, 2000)
Kotak Tech	-10.3	-14.2	13.7	22.7	-1.8
BSE Teck Index	-8.0	-5.6	22.7	31.4	1.4

Kotak Tech NAV: Rs.8.666. 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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Communications Ltd.	Telecom - Services	12.68%
Bharti Airtel Ltd.	Telecom - Services	6.08%
Financial Technologies (India) Ltd.	Software	4.88%
Infosys Technologies Ltd.	Software	4.55%
Tanla Solutions Limited	Software	4.40%
Mphasis Ltd	Software	4.23%
OnMobile Global Limited	Telecom	4.07%
Hinduja Ventures Ltd	Software	4.06%
Adlabs Films Ltd	Media and Entertainment	3.71%
Idea Cellular Ltd.	Telecom - Services	3.64%
Others		43.73%
Listed/Awaiting listing on Stock Exchange - Total		96.03%
Privately placed / Unlisted		
Virtual Dynamics Software Ltd. @	Software	#
SRM Radiant Infotech Ltd. @	Software	#
Privately placed / Unlisted - Total		0.00%
Collateral Borrowing & Lending obligation		3.55%

Net Current Assets/(Liabilities)	2.15%
Grand Total	100.00%

Notes: # Indicates % to net Asset less than 0.01%
@ Privately Placed

SECTOR ALLOCATION

Software	42.68
Media and Entertainment	24.78
Telecom - Services	23.51
CBLO & TERM DEPOSITS & REV. REPO	3.55
Computer Hardware	3.33
Net Current Assets	2.15

KOTAK EQUITY FOF

Open - Ended Equity Fund of Funds Scheme

About the Scheme

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

Available Options - DP, DR & G Fund Manager – Sajit Pisharodi. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a closed ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000 & in Multiples of Re. 1. **Ideal Investments Horizon - 1-3 years Corpus:** Rs. 66.81 crores. **Ratios:** Total Expense Ratio: 0.75% Beta*: 0.85 Sharpe*:1.20 Alpha*: 2.76 Standard Deviation*: 22.70* Source: Value Research

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	Since Allotment (Aug 09, 2004)
Kotak Equity FOF	16.0	35.9	34.0	39.4
S & P CNX Nifty	19.4	39.4	35.4	38.4

Kotak Equity FOF NAV : Rs.32.621 (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
Mutual Fund Units		
Kotak 30	Equity Scheme	25.45%
Birla Sunlife Frontline Equity	Equity Scheme	16.99%
Tata Pure Equity Fund	Equity Scheme	16.49%
SBI Magnum Equity Fund	Equity Scheme	16.14%
Birla Midcap Fund	Equity Scheme	8.41%
Franklin India Prima Plus	Equity Scheme	8.24%
HSBC Advantage India Fund	Equity Scheme	7.92%
Total		99.64%
Net Current Assets/ (Liabilities)		0.36%
Grand Total		100.00%

SECTOR ALLOCATION

Equity Schemes	99.64
Net Current Assets	0.36

Specific Risk Factors: The investors of the scheme shall bear the recurring expenses of the Scheme in addition to 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 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 - The investment objective of the scheme is to generate longterm capital appreciation by investing in a portfolio of diversified large cap Equity Schemes and Liquid Schemes of mutual funds registered with SEBI.

Available Option - G Fund Manager - Sajit Pisharodi **Loads - Exit:** Nil (During Liquidity window): Unit holders of the scheme 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 Investments Horizon - 1-3 years Corpus:** Rs. 18.45 crores. **Ratios:** Total Expense Ratio: 0.75%

Performance as on February 29, 2008

	6 Months	1 Yr	Since Allotment (March 31, 2005)
Kotak Dynamic FOF	6.8	17.9	25.2
CRSIL Balanced Fund Index	14.8	28.9	25.2

Kotak Dynamic FOF NAV : Rs.19.2420 (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
Mutual Fund Units		
Kotak Liquid Institutional Premium Plan	Debt Scheme	15.69%
HSBC Cash Fund Institutional Plus	Debt Scheme	14.27%
Birla Cash Plus Institutional Premium Plan	Debt Scheme	14.27%
Tata Liquid Super High Investment Plan	Debt Scheme	14.27%
HDFC Liquid Fund Premium Plus	Debt Scheme	14.27%
Tata Pure Equity Fund	Equity Scheme	4.72%
HSBC Equity Fund	Equity Scheme	4.69%
HDFC Top 200 Fund	Equity Scheme	4.67%
Kotak 30	Equity Scheme	4.66%
Birla Advantage Fund	Equity Scheme	4.66%
Kotak Liquid Institutional Plan	Debt Scheme	3.65%
Total		99.82%
Net Current Assets/(Liabilities)		0.18%
Grand Total		100.00%

SECTOR ALLOCATION

Debt Schemes	76.42
Equity Schemes	23.4
Net Current Assets	0.18

Specific Risk factor: 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 risk associated with such underlying schemes including changes in credit rating, trading volumes, settlement periods and transfer procedures; Prices/Interest Rate Risk and credit risk, volatility and liquidity in money markets, pressure on the exchange rate of the rupee, Basis Risk, spread Risk and Reinvestment risk, offshore 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. The dynamic asset allocation may result in higher transaction costs. The Scheme is a closed-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 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, Sanjib Guha & Ritesh Jain. **Loads - Entry:** a) No entry load shall be charged on: i) For "all direct" applications received by AMC i.e. applications received through internet facility offered (www.kotakmutual.com), on application forms that are not routed through any distributor/agent/broker and submitted to AMC office or collection centre / investment service centre. ii) On additional purchases done directly by the investor under the same folio and switch-in to the scheme from other scheme if such transaction is done directly by the investor: iii) Where the purchase amount/switch in amount is equal to or more than Rs. 5 crores. iv) Where the switch in is from an Equity/Balanced/Equity FOF Scheme to an Equity/Balanced/Equity FOF Scheme. v) Where switch in is from a closed ended scheme (excluding Fixed Maturity Plans and Interval Plans) during the pre-defined liquidity window of the scheme as defined in the respective offer documents or on maturity to an Equity/ Balanced/Equity FOF Schemes: vi) Where investments is made by Fund of Funds as defined under SEBI Regulations. vii) Where units are allotted upon reinvestment of Dividends. b) Cases not covered above: 2.25%. **Exit:** i) For exit within 6 months from the date of allotment of units for investments of less than Rs. 5 crores: 1% ii) For exit after 6 months upto 1 year from the date of allotment of units for investments of less than Rs. 5 crores: 0.50% iii) Where investments is made by Fund of Funds as defined under SEBI Regulations: Nil iv) Where units are allotted upon reinvestment of Dividends: Nil v) Cases not covered above: Nil. **Minimum Initial Investment:** Rs. 5000 **Additional Investment:** Rs. 1000. & in Multiples of Rs. 1. **Ideal Investments Horizon - 1-3 years Corpus:** Rs. 83.81 crores. **Ratios:** Portfolio Turnover: 155.46% Total Expense Ratio: 2.50% Sharpe*: 1.35 Standard Deviation*: 18.23 *Source: Value Research

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since Allotment (Nov 25, 1999)
Kotak Balance*	12.2	26.2	28.6	35.6	21.8
Crisil Balanced Fund Index	14.8	28.9	23.7	24.8	20.5

Kotak Balance NAV - Rs. 28.724. * 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

Issuer / Instrument	Industry / Rating	% to Net Assets
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Industries Ltd.	Petroleum Products	4.41 %
Axis Bank Ltd	Banks	2.81 %
Larsen And Toubro Ltd.	Industrial Capital Goods	2.39 %
Aditya Birla Nuvo Limited	Textile Products	2.30 %
ICICI Bank Ltd.	Banks	1.95 %
Ranbaxy Laboratories Ltd.	Pharmaceuticals	1.86 %
Reliance Communications Ltd.	Telecom - Services	1.85 %
Gammon India Ltd.	Construction	1.74 %
Infosys Technologies Ltd.	Software	1.66 %
Oil & Natural Gas Corporation Ltd.	Oil	1.64 %
Others		44.32 %
Listed/Awaiting listing on Stock Exchange - Total		66.93%

Debt Instruments

Debentures and Bonds		
Corporate Debt / Financial Institutions		
Citicorp Finance (India) Limited.	AAA	4.78%
ICICI Bank Limited.	CARE AAA	3.61%
Corporate Debt / Financial Institutions - Total		
8.39%		
Public Sector Undertakings		
Indian Railway Finance Corporation Ltd.	AAA	6.01%
Punjab National Bank	AAA	4.79%
Public Sector Undertakings - Total		
10.80%		
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Public Sector Undertakings		

State Bank of Patiala	A1+	4.67%
Public Sector Undertakings - Total		4.67%
Term Deposits		
Kotak Mahindra Bank Limited.		2.39%
Term Deposits - Total		2.39%
Collateral Borrowing & Lending obligation		4.89%
Net Current Assets/ (Liabilities)		1.93%
Grand Total		100.00%

SECTOR ALLOCATION

Debentures and Bonds	19.19
Construction	8.62
Banks	8.53
CBLO & Term Deposit & Rev.Repo	7.28
Industrial Capital Goods	6.50
Petroleum Products	5.38
Commercial Paper (CP)/Certificate of Deposits (CD)	4.67
Ferrous Metals	4.61
Finance	4.28
Media and Entertainment	3.56
REST	27.38

SIP Returns	1 year	3 Year	5 Year	7 Year
Investment Amt.	Rs.12,000	Rs.36,000	Rs.60,000	Rs.84,000
Investment Value	Rs.13,026	Rs.50,911	Rs.1,28,920	Rs.2,50,098
XIRR	16.30%	23.90%	31.20%	30.73%

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 in Equity and Equity related Instruments. **Available Options**: DP, DR & G **Fund Managers**: Krishna Sanghvi, Sanjib Guha & Ritesh Jain. **Loads - Entry**: Nil. **Exit**: 1% for redemptions within 1 year where investment amount <= Rs. 25 lacs. Nil for investment amount > Rs. 25 lacs. **Minimum Initial Investment**: Rs. 5000 **Additional Investment**: Rs. 1000 & In Multiples of Re. 1.

Ideal Investments Horizon - 1-3 years **Corpus**: Rs. 28.25 crores. **Ratios**: Total Expense Ratio: 2.22% Standard Deviation*: 4.91 Sharpe*: 0.72 YTM: 7.50 *Source: Value Research. **Performance as on February 29, 2008**

	6 Months	1 Yr	3 Yr	Since Allotment (Dec 02, 2003)
Kotak Income Plus	6.8	11.0	9.8	8.9
CRISIL MIP Blended Index	7.1	13.1	9.7	8.3

Kotak Income Plus NAV - Rs.14.3798 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
Reliance Industries Limited.	Petroleum Products	1.40%
Larsen And Toubro Limited.	Industrial Capital Goods	0.75%
Oil & Natural Gas Corporation Limited.	Oil	0.72%
Axis Bank Limited	Banks	0.69%
Reliance Energy Limited.	Power	0.61%
Aditya Birla Nuvo Limited	Textile Products	0.61%
State Bank Of India	Banks	0.56%
ICICI Bank Limited.	Banks	0.54%
Canara Bank	Banks	0.49%
Ranbaxy Laboratories Limited.	Pharmaceuticals	0.49%
Madhucon Projects Limited	Construction	0.45%
Jindal Steel & Power Limited.	Ferrous Metals	0.45%
ABG Infralogistics Limited	Industrial Capital Goods	0.45%
Hindustan Construction Co.Limited	Construction	0.44%
ITC Limited.	Consumer Non Durables	0.43%
Allied Digital Services Limited	Computer Hardware	0.42%
Reliance Communications Limited.	Telecom - Services	0.41%
Patel Engineering Limited.	Construction	0.41%
Punj Lloyd Limited.	Construction	0.40%
Kalpataru Power Transmission Limited.	Power	0.40%
Welspun Gujarat Stahl Rohren Limited.	Ferrous Metals	0.39%
Nagarjuna Construction Company Limited	Construction	0.39%
Infrastructure Develnt Finance Co. Ltd.	Finance	0.38%
Sesa Goa Limited.	Minerals/Mining	0.37%
Aban Offshore Limited.	Industrial Services	0.37%
Deccan Chronicle Holdings Limited.	Media and Entertainment	0.36%
Consolidated Construction Consortium Ltd	Construction	0.35%
Nitin Fire Protection industries Limited	Industrial Equipment	0.35%
Punjab National Bank	Banks	0.32%
Hindustan Petroleum Corporation Limited	Petroleum Products	0.32%
Mahindra & Mahindra Limited.	Auto	0.32%
Tata Consultancy Services Limited.	Software	0.31%
Infosys Technologies Limited.	Software	0.30%
Marg Constructions Limited	Construction	0.30%
Bharti Airtel Limited.	Telecom - Services	0.29%
Nicholas Piramal India Limited.	Pharmaceuticals	0.27%
Mundra Port & Special Economic Zone Ltd	Travel & Transportation	0.26%
Reliance Petroleum Limited.	Oil & Gas Exploration & Prodn.	0.25%
Pyramid Saimira Theatre Limited.	Media and Entertainment	0.24%
Sterlite Industries (India) Limited	Non - Ferrous Metals	0.24%
Balaji Telefilms Limited	Media and Entertainment	0.23%
Steel Authority of India Limited.	Ferrous Metals	0.21%
Indiabulls Real Estate Limited	Finance	0.20%
Mahindra Lifespace Developers Limited	Construction	0.20%
Neyveli Lignite Corporation Limited.	Power	0.19%
Mphasis Limited	Software	0.19%
Housing Develnt & Infrastructure Ltd	Construction	0.18%
Piramal Life Sciences Limited	Pharmaceuticals	0.04%
State Bank Of India-Rights	Banks	0.04%
Listed/Awaiting listing on Stock Exchange - Total		18.98%

Debt Instruments

Debentures and Bonds

Corporate Debt/ Financial Institutions

Infrastructure Develnt Finance Co. Limited	AAA	14.26%
Mahindra & Mahindra Financial Svces Ltd.	AA+	14.16%

Citicorp Finance (India) Limited.	AAA	10.63%
Infrastructure Leasing & Fin Svces Ltd.	LAAA	1.79%
Corporate Debt/ Financial Institutions - Total		40.84%
Public Sector Undertakings		
Union Bank of India	AA+	18.58%
Public Sector Undertakings - Total		18.58%
Term Deposits		
Kotak Mahindra Bank Limited.		1.77%
Term Deposits - Total		1.77%
Collateral Borrowing & Lending obligation		14.16%
Net Current Assets/(Liabilites)		5.67%
Grand Total		100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 0.22 years
Total NPA provided and percentage to NAV: NIL

Notes:

**Thinly traded/non-traded securities-Fair value as determined by kotak Mahindra Asset Management Company Limited in accordance with the guidelines on valuation of securities for mutual funds issued by the Securities and Exchange Board of India and approved by the Trustees.

* Indicates % to net Asset less than 0.01%

SECTOR ALLOCATION

Debentures and Bonds	59.42
Equities	18.98
CBLO & TERM DEPOSITS & REV. REPO	15.93
Net Current Assets	5.67

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 & Deepak Agrawal. **Loads Entry**: Nil. **Exit**: Nil.

Minimum Initial Investment: Rs. 5000 **Additional Investment**: Rs. 1000 & in Multiples of Re. 1. **Ideal Investments Horizon** 6 Months and above **Corpus**: Rs. 538.49 crores. **Ratios**: Total Expense Ratio: 0.60% Sharpe*: 5.43 Standard Deviation*: 0.58 Beta*: 0.46 Alpha*: 2.47 YTM: 8.60 * Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since Allotment (May 02, 2002)
Short Term Plan	4.3	9.8	7.4	6.6	6.8
Cril Short - Term					
Bond Fund Index	3.9	8.7	6.0	5.3	5.7

Kotak Bond Short Term NAV : Rs.14.7107 (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		
Debt Instruments		
Debentures and Bonds		
Corporate Debt / Financial Institutions		
Citicorp Finance (India) Ltd.	AAA	5.52%
Infrastructure Development Finance Co. Ltd	LAAA	4.59%
Rabo India Finance Ltd.	P1+	3.87%
BHW Home Finance Ltd	LAA+	2.78%
LIC Housing Finance Ltd.	AAA	1.89%
Indiabulls Financial Services Ltd	F1+(ind)(SO)	1.86%
Sundaram Finance Ltd.	LAA+	1.86%
Tata Sons Ltd.	AAA	1.84%
Mahindra & Mahindra Financial Services Ltd.	AA+	1.65%
Long Bond Receivables NmbR 400BP 2006 IV PTC A1	AAA(so)	1.20%
RB Loan Trust Series V 2007 Ser A1(Unitech)	F1+(ind)(SO)	1.18%
Citifinancial Consumer Finance India Ltd.	AAA	0.99%
ICICI Bank Ltd.	CARE AAA	0.93%
Shriram Transport Finance Co Ltd.	AA(ind)(SO)	0.93%
HDFC Ltd.	AAA	0.92%
Citicorp Maruti Finance Ltd.	AAA	0.91%
Indian Cor Loan Sec.Trust Sr XXXVIII - Sr A1	P1+(so)	0.85%
BHPC Auto Sec. Trust JUNE 2005 PTC A3	AAA(so)	0.20%
Corporate Debt / Financial Institutions - Total		33.97%
Public Sector Undertakings		
Indian Railway Finance Corporation Ltd.	AAA	2.03%
Punjab National Bank	AAA	1.93%
State Bank of Mysore	AAA	0.92%
Public Sector Undertakings - Total		4.88%
Government Dated Securities		
7.99% Government Stock - 2017	SOV	1.91%
8.23% Government Stock - 2027	SOV	1.82%
8.20% Government Stock - 2024	SOV	1.02%
5.87% Government Stock - 2010	SOV	0.90%
Government Dated Securities - Total		5.65%
Money Market Instruments		
Commercial Paper (CP)/Certificate of Deposits (CD)		
Corporate Debt / Financial Institutions		
Global Trade Finance Ltd.	P1+	5.55%
Unitech Ltd.	F1+(ind)	5.28%
ING Vysya Bank Ltd	P1+	4.54%
ICICI Bank Ltd.	P1+	4.35%
ABN Amro Bank N.V	A1+	4.24%
IndusInd Bank Ltd.	A1+	3.70%
ICICI Home Finance Company Limited	A1+	2.67%
Citibank N.A.	P1+	1.81%
ICICI Bank Ltd.	A1+	0.88%
Corporate Debt / Financial Institutions - Total		33.02%
Public Sector Undertakings		
State Bank of Hyderabad	P1+	6.39%
Union Bank of India	P1+	4.62%
State Bank Of India.	P1+	3.64%
State Bank of Patiala	A1+	2.73%
State Bank of Travancore	P1+	2.71%
Union Bank of India	A1+	1.82%
Punjab National Bank	P1+	0.92%

National Bank for Agriculture and Rural Development	CARE AAA	0.89%
Public Sector Undertakings - Total		23.72%
Reverse Repo		2.84%
Collateral Borrowing & Lending obligation		0.19%
Net Current Assets/ (Liabilities)		-4.27%
Grand Total		100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 2.00 years
Total NPA provided and percentage to NAV: NIL

Notes:

**Thinly traded/non-traded securities-Fair value as determined by Kotak Mahindra Asset Management Company Limited in accordance with the guidelines on valuation of securities for mutual funds issued by the Securities and Exchange Board of India and approved by the Trustees.

* Indicates % to net Asset less than 0.01%

Valuation of Government Securities are as per the Securities and Exchange Board of India (SEBI) Circular No. MFD/CIR/No 14/442/2002 dated February 20, 2002.

SECTOR ALLOCATION

Debentures and Bonds	38.85
CBLO & Term Deposit & Rev.Repo	3.03
Commercial Paper (CP)/Certificate of Deposits (CD)	56.74
Government Dated Securities	5.65
Net Current Assets	-4.27

RATING PROFILE

P1+, A1+, PR1+, F1+, AAA(so), & CARE AAA	88.37
AA+, LAA+	6.29
SOV	5.65
CBLO & TERM DEPOSITS & REV. REPO	3.03
AA(ind)(SO)	0.93
Net Current Assets	-4.27

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 Managers** Ritesh Jain & Imran Sayed. **Loads** (a) Entry: Nil. **Exit**: For redemptions/ switch-outs within 6 months: 0.50% • For redemptions/ switch-outs after 6 months: Nil (b) Entry: Nil. **Exit**: Nil. **Minimum Initial Investment**: Rs. 5000

Additional Investment: Rs. 1000 & in Multiples of Re.1. **Ideal Investments Horizon** - 1-2 years **Corpus**: Rs. 181.62 crores. **Ratios**: Total Expense Ratio: (a) 2.25% (b) 0.83% **Sharpe***: (a) 1.04 (b) 1.76 **Standard Deviation***: (a) 2.31 (b) 1.80 **YTM**: 8.50 *Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since Allotment (Nov 25, 1999)
Deposit Plan	5.8	9.7	6.3	5.8	9.0
Regular Plan	6.6	11.5	7.5	6.8	9.9
Crisil Composite Bond Index	4.5	8.3	5.2	4.9	5.9

Kotak Bond Deposit NAV : Rs.20.3583 (Growth Option). Kotak Bond Regular NAV : Rs.21.7422 (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		
Debt Instruments		
Debentures and Bonds		
Corporate Debt / Financial Institutions		
TAS Trust Series III, TML Fin. Ser. A1	AA+(so)	2.78%
Corporate Debt / Financial Institutions - Total		2.78%
Public Sector Undertakings		
State Bank Of India.	AAA	8.68%
Power Finance Corporation Ltd.	AAA	5.51%
National Railway Finance Corporation Ltd.	AAA	2.73%
National Bank for Agriculture and Rural Development	AAA	2.33%
Punjab National Bank	AAA	0.55%
Public Sector Undertakings - Total		19.80%
Government Dated Securities		
8.33% Government Stock - 2036	SOV	31.52%
7.99% Government Stock - 2017	SOV	22.47%
8.20% Government Stock - 2022	SOV	9.68%
8.23% Government Stock - 2027	SOV	3.77%
Government Dated Securities - Total		67.44%
Reverse Repo		12.89%
Net Current Assets/ (Liabilities)		-2.91%
Grand Total		100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 15.35 years
Total NPA provided and percentage to NAV: NIL

Notes:

**Thinly traded/non-traded securities-Fair value as determined by kotak Mahindra Asset Management Company Limited in accordance with the guidelines on valuation of securities for mutual funds issued by the Securities and Exchange Board of India and approved by the Trustees.

* Indicates % to net Asset less than 0.01%

Valuation of Government Securities are as per the Securities and Exchange Board of India (SEBI) Circular No. MFD/CIR/No 14/442/2002 dated February 20, 2002.

SECTOR ALLOCATION

Debentures and Bonds	22.58
CBLO & Term Deposit & Rev.Repo	12.89
Government Dated Securities	67.44
Net Current Assets	-2.91

RATING PROFILE

SOV	67.44
CBLO & TERM DEPOSITS & REV. REPO	12.89
AAA	19.80
AA+(so)	2.78
Net Current Assets	-2.91

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 and /or State Government(s) and/ or reverse repos in such securities.

Available Options: DP, DR & G **Fund Managers** Ritesh Jain & Imran Sayed. **Loads** Entry: Nil. **Exit**: Nil.

Minimum Initial Investment: Rs. 5000 **Additional Investment**: Rs. 1000 and multiples of Re. 1. **Ideal Investments Horizon** 6 Months and above. **Corpus**: Rs.7.85 crores. **Ratios**: Total Expense Ratio: 1.00% **Sharpe***: 1.45 **Standard Deviation***: 0.92 **YTM**: 7.30 *Source: Value Research

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since Allotment (Savings Plan Dec 29, 1998)
Gilt Investment Savings Plan	4.2	7.3	5.9	5.5	7.5
ISEC SIBEX	4.3	8.9	6.6	6.3	6.5

Kotak Gilt Investment Savings Plan : Rs.19.3966 (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		
Government Dated Securities		
5.87% Government Stock - 2010	SOV	61.98%
5.48% Government Stock - 2009	SOV	33.83%
Government Dated Securities - Total		95.81%
Net Current Assets/ (Liabilities)		4.19%
Grand Total		100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 1.58 years
Total NPA provided and percentage to NAV: NIL

Notes:

Valuation of Government Securities are as per the Securities and Exchange Board of India (SEBI) circular No. MFD/CIR/No 14/442/2002 dated February 20, 2002.

* Indicates % to net Asset less than 0.01%

Valuation of Government Securities are as per the Securities and Exchange Board of India (SEBI) Circular No. MFD/CIR/No 14/442/2002 dated February 20, 2002.

SECTOR ALLOCATION

Government Dated Securities	95.81
Net Current Assets	4.19

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 and /or State Government(s) and/ or reverse repos in such securities. **Plans**- (a) Regular, (b) PF & Trust

Available Options: DP, DR & G. **Fund Managers** Ritesh Jain & Imran Sayed. **Loads** Entry: Nil. **Exit**: Nil.

Minimum Initial Investment: Rs. 5000 **Additional Investment**: Rs. 1000 & in Multiples of Re.1 **Ideal Investments Horizon** More than 1 year. **Corpus**: Rs. 26.25 crores. **Ratios**: Total Expense Ratio: (a) 1.65% (b) 1.25% **Sharpe***: (a) 0.56 (b) 0.67 **Standard Deviation***: (a) 3.69 (b) 3.69 * YTM: 7.50 Source: Value Research

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	5 Yr	Since Allotment (Inv Plan- Dec 29, '98; Inv PF & Trust Plan - Nov 11, '03)
Investment Regular Plan	6.6	10.1	5.5	5.7	10.9
Investment - PF & Trust Plan	6.8	10.6	5.9	-	4.7
ISEC Composite Index	5.7	10.3	6.7	6.7	7.4

Kotak Gilt Investment Regular Plan : Rs.25.8217 (Growth Option). Kotak Gilt Investment PF & Trust Plan : Rs. 26.2582 (Growth Option). Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate).

PORTFOLIO

Issuer / Instrument	Industry / Rating	% to Net Assets
Debt Instruments		
Government Dated Securities		
8.33% Government Stock - 2036	SOV	39.64%
7.99% Government Stock - 2017	SOV	25.45%
8.20% Government Stock - 2022	SOV	11.81%
8.23% Government Stock - 2027	SOV	11.17%
Government Dated Securities - Total		88.07%
Collateral Borrowing & Lending obligation		3.81%
Net Current Assets/ (Liabilities)		8.12%
Grand Total		100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 17.37 years
Total NPA provided and percentage to NAV: NIL

Notes: Valuation of Government Securities are as per the Securities and Exchange Board of India (SEBI) circular No. MFD/CIR/No 14/442/2002 dated February 20, 2002.

* Indicates % to net Asset less than 0.01%

Valuation of Government Securities are as per the Securities and Exchange Board of India (SEBI) Circular No. MFD/CIR/No 14/442/2002 dated February 20, 2002.

SECTOR ALLOCATION

Government Dated Securities	88.07
Net Current Assets	8.12
CBLO & TERM DEPOSITS & REV. REPO	3.81

KOTAK FLEXI DEBT

Open - Ended Debt Scheme

About The Scheme

Investment Objective - The investment objective of the Scheme is to maximize returns through an active management of a portfolio of debt and money market securities.
Available Options: DP, DR & G **Fund Managers** Ritesh Jain & Deepak Agrawal **Loads Entry:** Nil. **Exit:** 0.10% if redeemed within 7 days from date of allotment of units.

Minimum Initial Investment: Rs. 5000 & Rs.1,00,000 under Daily Dividend Reinvestment option. **Additional Investment:** Rs.1000 & in Multiples of Re.1. **Ideal Investments Horizon** 7 days **Corpus:** Rs. 3853.31 crores. **Ratios:** Total Expense Ratio: 0.33% Standard Deviation*: 0.11 Sharpe*: 24.20 YTM: 8.40 *Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	Since Allotment (Dec 06, 2004)
Kotak Flexi Debt	4.2	8.6	7.3	7.3
CRISIL Composite Bond Index	4.5	8.3	5.2	5.4

Kotak Flexi Debt NAV: Rs. 12.5528 (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
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Debt Instruments

Debentures and Bonds

Corporate Debt / Financial Institutions

Tata Sons Ltd.	AAA	1.78%
Bharat Securitisation Trust 2 Ser B	AA(ind)(SO)	1.69%
RB Loan Trust Series V 2007 Series A3	F1+(ind)(SO)	1.43%
Shriram Transport Finance Co Ltd.	AA(ind)	1.32%
Indian Loan Receivables Trust Dec 07 Series C1	P1+(so)	1.29%
Shriram Transport Finance Co Ltd.	AA(ind)(SO)	1.27%
Coll.Debt Trust Ser.15 Class A1 OPT - II	P1+(so)	1.19%
Tata Communications Ltd	P1+	1.17%
Citifinancial Consumer Finance India Ltd.	AAA	1.06%
Indiabulls Financial Services Ltd	F1+(ind)(SO)	0.91%
HDFC Ltd.	AAA	0.81%
Citicorp Finance (India) Ltd.	AAA	0.77%
Mahindra & Mahindra Financial Services Ltd.	AA+	0.75%
Long Bond Receivables NMBR 400BP 2006 III PTC A	AAA(ind)	0.75%
LIC Housing Finance Ltd.	AAA	0.72%
Coll.Debt Trust Ser.14 Class A1	P1+(so)	0.72%
Birla Global Finance Ltd.	A1+	0.65%
Religare Finvest Ltd.	A1+	0.65%
Infrastructure Development Finance Co. Ltd	AAA(ind)	0.65%
Indian Loan Receivables Trust Dec 07 Series E1	P1+(so)	0.65%
Infrastructure Development Finance Co. Ltd	LAAA	0.64%
Sterlite Technologies Limited.	P1	0.60%
Indian Cor Loan Sec.Trust Sr XXXVIII - Sr A1	P1+(so)	0.59%
Collateralised Trust Ser 9 CL-A1	AA(ind)	0.58%
RB Loan Trust Series VIII	F1+(ind)(SO)	0.53%
CAT Series XXIII - Class A1	P1+(so)	0.52%
Graphite India Limited.	A1+	0.52%
Bajaj Auto Finance Limited	AA+	0.50%
CREDIT ASSET TRUST Series VIII Class A Certificate	F1+(ind)	0.39%
Indian Corp Loan Sec. Trust Series L Series A1	P1+(so)	0.35%
Loan Rec.Securitization Trust B - Series-B2	AA(ind)(SO)	0.35%
CAT Series X Class A Certificate	AA(ind)	0.34%
Indian Corporate Loan Securitisation Trust Series XXII	LAAA(SO)	0.29%
TAS Trust Series III, Series A1	AA+(so)	0.26%
Infrastructure Development Finance Co. Ltd	A1+	0.26%
Cholamandalam DBS Finance Limited.	LAA	0.26%
RB Loan Trust Series V 2007 Series A1	F1+(ind)(SO)	0.17%
KPI Loan Trust Series A1, OPT- A	AA-(ind)	0.13%
KAB Loan Trust Series A1	A1+(SO)	0.13%
Kotak Mahindra Prime Ltd.	P1+	0.13%
DSP Merrill Lynch Capital Ltd.	AAA	0.13%
Indian Retail ABS Trust Series 56 PTC A2	AAA	0.09%
Indian Corp Loan Securitisation Trust Series A2	P1+(so)	0.06%
Coll.Debt Trust Series 15 Class A2 OPT - II	P1+(so)	0.06%
Coll.Debt Trust Series 14 Class A2	P1+(so)	0.03%
Collateralised Trust Series 9 Class-A2	AA(ind)	0.03%
Loan Rec.Securitization Trust B-Series-B1	AA(ind)(SO)	0.03%
ICICI Bank Ltd.	CARE AAA	0.00%

Corporate Debt / Financial Institutions - Total

28.20%

Public Sector Undertakings

National Bank for Agriculture and Rural Development	AAA	1.26%
Coll.Debt Trust Ser.T2 Class A1 OPT I	P1+(so)	1.19%
Ind.Cor.Loan Sec.Trust Series XXXIX A1	P1+(so)	1.19%
Power Finance Corporation Ltd.	AAA	1.05%
Export-Import Bank of India.	AAA	0.66%
Indian Railway Finance Corporation Ltd.	AAA	0.66%
Punjab National Bank	AAA	0.30%
State Bank of Mysore	AAA	0.13%
Ind.Cor.Loan Securitisation Trust Series XXXIX A2	P1+(so)	0.05%
Coll.Debt Trust Series 12 Class A2 OPT I	P1+(so)	0.05%

Public Sector Undertakings - Total

6.54%

Money Market Instruments

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

Corporate Debt / Financial Institutions

Unitech Ltd.	F1+(ind)	4.17%
ABN Amro Bank N.V	P1+	3.72%
Karur Vysya Bank Ltd.	F1+(ind)	3.65%
Jammu & Kashmir Bank	P1+	2.52%
ING Vysya Bank Ltd	P1+	2.29%
Tata Motors Ltd.	P1+	2.04%
Hongkong & Shanghai Banking Corporation	F1+(ind)	1.90%
Sobha Developers Ltd.	A1	1.81%
IndusInd Bank Ltd.	A1+	1.42%
Citibank N.A.	P1+	1.26%
DLF Limited	A1+	1.20%
Global Trade Finance Ltd.	P1+	1.03%
Sundaram Finance Ltd.	P1+	0.78%
Federal Bank Ltd.	P1+	0.65%
YES Bank Ltd.	P1+	0.65%
Essel Mining & Industries Ltd.	A1	0.64%
ICICI Bank Ltd.	P1+	0.59%
L & T Finance Limited	PR1+(SO)	0.50%
YES Bank Ltd.	A1+	0.44%
Financial Technologies (India) Ltd.	F1(ind)	0.39%

Development Credit Bank Ltd.	P1+	0.38%
ABN Amro Bank N.V	A1+	0.36%
ICICI Bank Ltd.	PR1+	0.26%
AXIS Bank Ltd.	P1+	0.24%
L & T Finance Limited	PR1+	0.13%
Reliance Capital Ltd.	A1+	0.13%
ICICI Home Finance Company Limited	A1+	0.12%

Corporate Debt / Financial Institutions - Total

33.27%

Public Sector Undertakings

State Bank Of India.	P1+	3.03%
State Bank of Bikaner & Jaipur	P1+	2.41%
State Bank of Travancore	P1+	2.40%
National Bank for Agriculture and Rural Development	CARE AAA	2.32%
Indian Bank	F1+(ind)	2.03%
Union Bank of India	P1+	1.80%
State Bank of Hyderabad	P1+	1.79%
Punjab National Bank	A1+	1.65%
Oriental Bank of Commerce	P1+	1.29%
Indian Overseas Bank	A1+	1.14%
Punjab National Bank	P1+	0.99%
State Bank of Indore	P1+	0.76%
State Bank of Patiala	A1+	0.76%
State Bank of Mysore	A1+	0.64%
UCO Bank	A1+	0.26%
Union Bank of India	A1+	0.25%
Canara Bank	P1+	0.25%
State Bank of Saurashtra	P1+	0.03%

Public Sector Undertakings - Total

23.80%

Treasury Bills

364 Days Treasury Bill 18/07/2008	SOV	1.26%
364 Days Treasury Bill 20/06/2008	SOV	0.25%

Treasury Bills - Total

1.51%

Term Deposits

The South Indian Bank Limited 4.28%

Term Deposits - Total

4.28%

Collateral Borrowing & Lending obligation

0.15%

Net Current Assets/ (Liabilities)

2.25%

Grand Total

100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 0.47 years

Total NPA provided and percentage to NAV: NIL

Notes: * Indicates % to net Asset less than 0.01%

SECTOR ALLOCATION

Commercial Paper (CP)/Certificate of Deposits (CD)	57.07
Debentures and Bonds	34.74
CBLO & TERM DEPOSITS & REV. REPO	4.43
Treasury Bills	1.51
Net Current Assets	2.25

RATING PROFILE

F1+, P1+, A1+, AAA, PR1+ and CARE AAA	80.86
AA(ind)(so), AA(ind) & LAA	5.87
AA+, P1, A1, AA+(so) & F1(ind)	4.95
CBLO & TERM DEPOSITS & REV. REPO	4.43
Net Current Assets	2.25
SOV	1.51
AA-(ind)	0.13

KOTAK FLOATER LONG TERM

Open - Ended Debt 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: DP, DR & G **Fund Managers** Ritesh Jain & Imran Sayed **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:** Rs. 1000 & in Multiples of Re.1 **Ideal Investments Horizon** 3 Months and above **Corpus:** Rs. 81.93 crores. **Ratios:** Total Expense Ratio: 0.66% Standard Deviation*: 0.28 Beta*: -0.11 Sharpe*: 10.45 Alpha*: 3.11 YTM: 8.60 * Source: Value Research.

Performance as on February 29, 2008

	6 Months	1 Yr	3 Yr	Since Allotment (Aug 13, 2004)
Kotak Floater Long Term	4.5	9.3	7.2	6.9
CRISIL Liquid Fund Index	3.3	7.5	6.1	5.8

Kotak Floater Long Term NAV : Rs.12.6675 (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
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Debt Instruments

Debentures and Bonds

Corporate Debt / Financial Institutions

Emaar MGF Land Ltd.	Pr1+	12.21%
Tata Sons Ltd.	AAA	6.18%
Indiabulls Financial Services Ltd	F1+(ind)(SO)	6.12%
Indian Retail ABS Trust Series 56 PTC A2	AAA	5.04%
RB Loan Trust Series V 2007 Series A3	F1+(ind)(SO)	4.41%
KPI Loan Trust Series A1, OPT- A	AA-(ind)	2.46%

Corporate Debt / Financial Institutions - Total

36.42%

Public Sector Undertakings

Punjab National Bank AAA 0.98%

Public Sector Undertakings - Total

0.98%

Money Market Instruments

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

Citibank N.A.	P1+	10.68%
Tata Motors Ltd.	P1+	6.08%
L & T Finance Limited	PR1+	5.92%
Unitech Ltd.	F1+(ind)	5.74%

Corporate Debt / Financial Institutions - Total

28.42%

Public Sector Undertakings

Export-Import Bank of India. P1+ 11.97%

State Bank Of India. P1+ 5.98%

Public Sector Undertakings - Total

17.95%

Collateral Borrowing & Lending obligation	3.66%
Net Current Assets/ (Liabilities)	12.57%
Grand Total	100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 0.37 years

Total NPA provided and percentage to NAV: NIL

Notes: * Indicates % to net Asset less than 0.01 %

SECTOR ALLOCATION

Debentures and Bonds	37.40
CBLO & Term Deposit & Rev.Repo	3.66
Commercial Paper (CP)/Certificate of Deposits (CD)	46.37
Net Current Assets	12.57

RATING PROFILE

PR1+, P1, AAA, F1+(ind) & F1+(ind)(SO)	81.31
CBLO & Term Deposit & Rev.Repo	3.66
AA-(ind)	2.46
Net Current Assets	12.57

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 & Rs.1,00,000 under Daily Dividend Reinvestment option **Additional Investment:** Rs. 1000 & in Multiples of Re.1. **Ideal Investments Horizon** 1 Month to 3 Months. **Corpus:** Rs. 531.34 crores. **Ratios:** Total Expense Ratio: 0.42% Standard Deviation*: 0.10 Beta*: 0.03 Sharpe*: 23.31 Alpha*: 2.36 YTM: 8.50 *Source: Value Research.

Performance as on February 29, 2008

	7 Days	15 Days	1 Month	3 Months	6 Months
Kotak Floater Short Term	0.2	0.3	0.7	2.1	4.2
CRISIL Liquid Fund Index	0.2	0.2	0.5	1.6	3.3

	1 Yr	3 Yr	Since Allotment (Aug 13, 2004)
Kotak Floater Short Term	8.3	6.9	6.3
CRISIL Liquid Fund Index	7.5	6.1	5.8

Kotak Floater Short Term NAV : Rs. 13.2446 (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
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Debt Instruments

Debentures and Bonds

Corporate Debt / Financial Institutions

Infrastructure Development Finance Co. Ltd	AAAA	4.71%
Mahindra & Mahindra Financial Services Ltd.	AA+	4.71%
CAT Series XXIII - Class A1	P1+(so)	3.80%
Indiabulls Financial Services Ltd	F1+(ind)(SO)	3.78%
Manaksia Ltd	PR1+	3.76%
Citicorp Finance (India) Ltd.	AAA	2.82%
DSP Merrill Lynch Capital Ltd.	AAA	1.88%
Motherson Sumi Systems Ltd.	A1+	1.88%
LIC Housing Finance Ltd.	AAA	1.22%
AXIS Bank Ltd.	AAA+	0.97%
Shriram Transport Finance Co Ltd.	AA(ind)(SO)	0.94%
Tata Sons Ltd.	AAA	0.94%
Sundaram Finance Ltd.	AA+	0.94%

Corporate Debt / Financial Institutions - Total

Public Sector Undertakings

Indian Railway Finance Corporation Ltd.	AAA	2.84%
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Public Sector Undertakings - Total

Money Market Instruments

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

Corporate Debt / Financial Institutions

ICICI Bank Ltd.	PR1+	11.23%
Centurion Bank of Punjab Ltd.	F1+(ind)	4.48%
ICICI Home Finance Company Limited	A1+	3.49%
Adlabs Films Ltd.	A1+	2.82%
Citibank N.A.	P1+	2.20%
Federal Bank Ltd.	P1+	2.02%
ICICI Bank Ltd.	P1+	0.92%
ICICI Bank Ltd.	P1+	0.92%
ICICI Bank Ltd.	A1+	0.38%

Corporate Debt / Financial Institutions - Total

Public Sector Undertakings

Punjab National Bank	A1+	6.01%
Indian Bank	F1+(ind)	3.68%
IDBI Bank Ltd.	A1+	2.57%
Corporation Bank	P1+	1.84%
State Bank Of India.	P1+	0.92%
Union Bank of India	P1+	0.92%
State Bank of Mysore	A1+	0.28%

Public Sector Undertakings - Total

Collateral Borrowing & Lending obligation

Net Current Assets/ (Liabilities)

Grand Total

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 0.20 years

Total NPA provided and percentage to NAV: NIL

Notes: * Indicates % to net Asset less than 0.01 %

SECTOR ALLOCATION

Debentures and Bonds	35.19
Commercial Paper (CP)/Certificate of Deposits (CD)	43.76
CBLO & Term Deposit & Rev.Repo	20.13
Net Current Assets	0.92

RATING PROFILE

P1+, PR1+, A1+, P1+(so) AAA, LAAA and F1+(ind)(so)	71.39
CBLO & TERM DEPOSITS & REV. REPO	20.13
AA+, LAA+	6.62
AA(ind)(so)	0.94
Net Current Assets	0.92

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 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 Managers** Ritesh Jain & Deepak Agrawal. **Loads Entry:** Nil. **Exit:** Nil.

Minimum Initial Investment: (a) Rs. 5000 (b) Rs. 1 crore (c) Rs. 5 crores. **Additional Investment:** Rs. 1000 & in Multiples of Re.1. **Ideal Investments Horizon** 7 days to 15 days **Corpus:** Rs. 3940.02 crores. **Ratios:** Total Expense Ratio: (a) 1.00% (b) 0.72% (c) 0.37% Sharpe*: (a) 15.14 (b) 17.99 (c) 20.39 Standard Deviation*: (a) 0.10 (b) 0.10 (c) 0.11 YTM: 8.25 *Source: Value Research.

Performance as on February 29, 2008

	7 Days	15 Days	1 Month	3 Months	6 Months
Kotak Liquid Regular Plan	0.1	0.3	0.6	1.8	3.6
Kotak Liquid Institutional Plan	0.2	0.3	0.6	1.9	3.7
Kotak Liquid Institutional Premium Plan	0.2	0.3	0.7	2.0	3.9
CRISIL Liquid Fund Index	0.2	0.2	0.5	1.6	3.3

	1 Yr	3 Yr	5 Yr	Since Allotment (Reg. - Oct 05, '00; Instl - Mar 14, '03; Instl Prem- Nov 04, '03)
Kotak Liquid Regular Plan	7.3	6.2	5.6	6.4
Kotak Liquid Institutional Plan	7.6	6.6	-	6.0
Kotak Liquid Institutional Premium Plan	8.0	7.0	-	6.3
CRISIL Liquid Fund Index	7.5	6.1	5.4	5.5

Kotak Liquid Regular Plan NAV: Rs. 15.7847 (Growth Option); Kotak Liquid Institutional Plan NAV: Rs. 16.0692 (Growth Option). Kotak Liquid Institutional Premium Plan NAV: Rs. 16.2508 (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 and Bonds

Corporate Debt / Financial Institutions

HDFC Ltd.		
CAT Series XXIV - Class A	AAA	3.28%
Citicorp Finance (India) Ltd.	P1+(so)	3.18%
Infrastructure Development Finance Co. Ltd	AAA	2.01%
AXIS Bank Ltd.	LAAA	1.52%
Kotak Mahindra Prime Ltd.	LAA+	1.43%
Shriram Transport Finance Co Ltd.	P1+	1.40%
KCS Loan Trust Series A1,OPT -B	AA(ind)(SO)	1.27%
RB Loan Trust Series -III 2007 Series A3	A1+(SO)	1.27%
Mahindra & Mahindra Financial Services Ltd.	P1+(so)	1.27%
BHPC Auto Securitisation Trust Dec 2007 - I	P1+	1.27%
LIC Housing Finance Ltd.	AAA(so)	1.21%
ICICI Bank Ltd.	AAA	1.06%
DSP Merrill Lynch Capital Ltd.	CARE AAA	0.95%
Sundaram Finance Ltd.	AAA	0.88%
Citifinancial Consumer Finance India Ltd.	MAAA	0.89%
Kotak Mahindra Investments Ltd.	AAA	0.77%
Birla Global Finance Ltd.	A1+	0.76%
GE Capital Services India.	A1+	0.63%
Indian Cor Loan Sec.Trust Series XXXVIII - Series A1	AAA	0.58%
Mahindra & Mahindra Financial Services Ltd.	P1+(so)	0.46%
Sundaram Finance Ltd.	AA+	0.43%
Tata Sons Ltd.	AA+	0.38%
India Loan Securitisation Trust V PTC A	AAA	0.26%
Gruh Finance Ltd	AAA(so)	0.17%
Tata Communications Ltd	AA	0.13%
KPR Loan Trust Series A2,OPT - B	P1+	0.13%
KPR Loan Trust Series A1,OPT - B	PR1+(SO)	0.12%
Corporate Debt / Financial Institutions - Total	PR1+(SO)	0.08%
Public Sector Undertakings		27.79%
Indian Railway Finance Corporation Ltd.	AAA	4.84%
Power Finance Corporation Ltd.	AAA	1.41%
National Bank for Agriculture and Rural Development	AAA	0.76%
Export-Import Bank of India.	AAA	0.76%
Industrial Development Bank Of India.	AAA	0.76%
Union Bank of India	AA+	0.38%
Public Sector Undertakings - Total	AA+	0.13%

Money Market Instruments

Bill Rediscounting

Standard Chartered Bank Bill Rediscounting 17/03/08

Bill Rediscounting - Total

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

Corporate Debt / Financial Institutions

IndusInd Bank Ltd.	A1+	9.10%
ICICI Bank Ltd.	P1+	5.12%
ING Vysya Bank Ltd	P1+	2.75%
TATA Capital Ltd.	A1+	2.52%
DLF Limited	A1+	2.45%
ABN Amro Bank N.V	A1+	1.51%
ICICI Home Finance Company Limited	A1+	1.18%
Federal Bank Ltd.	P1+	0.74%
ICICI Bank Ltd.	A1+	0.66%
Jindal Stainless Ltd.	F1+(ind)	0.63%
Karur Vysya Bank Ltd.	F1+(ind)	0.62%
Micro Inks	PR1+	0.38%
BOC India Ltd.	P1+	0.38%
Sundaram Finance Ltd.	P1+	0.38%
L & T Finance Limited	PR1+	0.37%
Financial Technologies (India) Ltd.	F1+(ind)	0.25%
Redington (India) Ltd.	P1+	0.25%

Hindustan Construction Company Ltd.
YES Bank Ltd.
ICICI Bank Ltd.

Corporate Debt / Financial Institutions - Total

Public Sector Undertakings

State Bank Of India.
Canara Bank
Oriental Bank of Commerce
State Bank of Indore
Allahabad Bank
State Bank of Bikaner & Jaipur
State Bank of Saurashtra
State Bank of Hyderabad
UCO Bank
Punjab National Bank
National Bank for Agriculture and Rural Development
Union Bank of India
PNB Housing Finance Ltd.
State Bank of Mysore
Indian Overseas Bank
Indian Bank

Public Sector Undertakings - Total

Term Deposits

Term Deposits

Corporation Bank
Bank Of Nova Scotia

Term Deposits - Total

Reverse Repo

Collateral Borrowing & Lending obligation

Net Current Assets/(Liabilities)

Grand Total

PR1+ 0.25%
A1+ 0.13%
PR1+ 0.13%
29.80%

P1+ 4.63%
P1+ 3.52%
P1+ 1.25%
P1+ 1.24%
PR1+ 1.09%
P1+ 0.86%
P1+ 0.85%
P1+ 0.62%
P1+ 0.56%
P1+ 0.50%
P1+ 1.52%
CARE AAA 0.40%
P1+ 0.39%
P1+ 0.38%
A1+ 0.25%
A1+ 0.24%
F1+(ind) 0.12%
16.90%

5.08%
1.52%
6.60%
2.58%
1.85%
1.14%
100.00%

Average Maturity of the portfolio based on total maturity of fixed rate and immediate reset date of floating rate instruments: 0.22 years

Total NPA provided and percentage to NAV: NIL

Notes: * Indicates % to net Asset less than 0.01%

SECTOR ALLOCATION

Commercial Paper (CP)/Certificate of	46.70
Debentures and Bonds	36.07
CBLO & TERM DEPOSITS & REV. REPO	11.03
Bill Rediscounting	5.06
Net Current Assets	1.14

RATING PROFILE

P1+, P1+(so), PR1+, A1+, AAA, CARE AAA, MAAA and F1+(ind)	78.37
CBLO & TERM DEPOSITS & REV. REPO	11.03
Bill Rediscounting	5.06
AA+, F1(ind) and LAA+	3.00
AA and AA(ind)(so)	1.40
Net Current Assets	1.14

DIVIDEND HISTORY

EQUITY SCHEMES

Record Date	Cum Dividend NAV	Rs/Unit
Kotak 30 - Dividend		
Feb-28-08	39.091	3.00
Jan-11-08	51.398	6.00
July-20-07	38.869	3.00
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	2.50
Feb-08-06	19.609	2.00
Feb-04-05	13.708	1.50
Kotak Contra		
July-27-07	16.0365	2.00
Kotak MNC		
Feb-11-05	20.600	4.50
Kotak Opportunities		
Jan-25-08	27.090	6.00
Sept-28-07	24.293	3.00
Sept-27-06	17.745	1.50
Mar-21-06	21.783	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-08-08	15.1896	3.50
Feb-20-07	11.6407	3.00

Record Date Cum Dividend NAV Rs/Unit

Kotak Lifestyle		
June-29-07	13.067	1.75

HYBRID SCHEMES

Kotak Balance		
Sept-25-07	28.078	2.00
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		
Feb-12-08	11.0814	Individual/ HUF: 0.0652 Others: 0.0607
Jan-14-08	11.7993	Individual/ HUF: 0.0738 Others: 0.0687
Dec-12-07	11.7295	Individual/ HUF: 0.0654 Others: 0.0609
Nov-12-07	11.4449	Individual/ HUF: 0.6668 Others: 0.0621
Kotak Income Plus- Quarterly Dividend		
Dec-20-07	11.6952	Individual / HUF: 0.1907 Others: 0.1775
Sep-20-07	11.1409	Individual / HUF: 0.1916 Others: 0.1783
Jun-20-07	10.7082	Individual / HUF: 0.1885 Others: 0.1755
Mar-20-07	10.8640	Individual / HUF: 0.1174 Others: 0.1093

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 Emerging Equity, Kotak Flexi FOF, Kotak Equity Arbitrage 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.

• 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.

SERVICES & FACILITIES

- **Network of Transaction Acceptance Points:** Submit transaction requests at your convenience across our 27 Investor Service Centres and 96 Transaction Points of CAMS. (To locate these, visit the "Locate Us" section on our website, www.kotakmutual.com).
- **Electronic Credit of Dividends and Redemption Proceeds:** Have your dividend payouts and redemption proceeds paid directly into your bank account*. No more worrying about cheques lost in transit or queuing at a bank to deposit cheques. * Available for accounts in the following banks only: ABN Amro Bank, AXIS Bank, Centurion Bank of Punjab, Citibank, Corporation Bank, Deutsche Bank, HDFC Bank, HSBC, ICICI Bank, IDBI Bank, Indusind Bank Kotak Mahindra Bank, Standard Chartered Bank.
- **Systematic Investments, Withdrawals and Transfers:** Our Systematic Investment Facility provides you with the option of investing a fixed amount over a period of time, in a disciplined manner. Through this process, you benefit from Rupee Cost Averaging (buying more Units at lower NAV), and avoid the uncertainties involved with trying to time the market. Through our Systematic Withdrawal Facility, withdraw fixed amounts, or the entire appreciation on your investment, in any scheme periodically and benefit by averaging out on market fluctuations. To systematically transfer investments from one Kotak scheme to another, try our Systematic Transfer Facility. This tool also helps you manage your investment portfolio among Kotak Mutual Schemes, in line with your asset allocation plan.
- **Internet Transactions:** Switch investments across our schemes, or redeem your investments electronically, through our Internet Transaction Facility. You can also invest in our schemes online, through Kotakstreet (www.kotakstreet.com), ICICI Direct (www.icicidirect.com), and Times of Money (www.timesofmoney.com).
- **E-mail Communication:** Opt in to value-added information through e-mail: Daily NAV and Dividend Updates, Monthly Updates, weekly and more.
- **Website Utilities:** Plan and track your investments better. Use our Risk Profiler to assess your risk appetite, our Financial Planner to plan investments and financial goals and our Returns Calculator to measure your earnings from Kotak Mutual schemes. Just register, free, at www.kotakmutual.com, and access all these facilities.

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Hubli: 9886276748

Hyderabad: 040-66682308/ 09

Indore: 0731-4027181/6453390

Jaipur: 0141-6451780 /81

Jalandhar: 0181-4631887/9888520569

Jammu: 9906905679

Jamshedpur: 657-6519838

Jodhpur: 9828568246

Kanpur: 0512-2541016/17

Kolhapur: 9823298501

Kolkata: 033-22093040/42/43

Kota: 9983301679

Kottayam: 9895280880

Lucknow: 522-2236739

Ludhiana: 9876691291/ 0161-4646602/ 03

Madurai: 452-4378728

Mangalore: 9886738530

Meerut: 0121-4007753/ 9719459071

Muradabad: 9719102702

Mumbai: 022-66384400

Mysore: 9886780074

Nagpur: 9822747585

Nasik: 9823069202/ 0253-6574255

New Delhi: 011-66306900/ 02

Panipat: 0180-4022062/ 9996336633

Patiala: 9872887750/ 0175-5015528

Patna: 9835453534

Pune: 020-64014800/ 64013395/ 96/ 97

Raipur: 9826049267

Rajkot: 0281-6620735

Ranchi: 0651-6454628/ 29/ 9934302678

Rourkela: 9937156370

Surat: 0261-2210596

Silliguri: 9933043502

Shimla: 9418038178

Shrinagar: 9906816655

Trivandrum: 0471-4470134/ 9946666819

Trichy: 9944055455

Udaipur: 9928080889

Vadodara: 0265-6640290

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KOTAK EMERGING EQUITY

Close - Ended Equity Growth Scheme

About The Scheme

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

Available Options - DP, DR & G **Fund Managers** Anurag Jain & Sanjib Guha.
Unamortised Expenses: As per SEBI circular dated April 4, 2006, balance proportionate unamortised issue expenses shall be recovered from exiting unitholders. **Loads - Exit:** Nil (During liquidity window). **Ideal Investments Horizon** - 3 years **Corpus:** Rs.264.11 crores. **Ratios:** Portfolio Turnover: 95.30% Total Expense Ratio: 2.25%
Performance as on February 29, 2008

	6 Months	Since Allotment (Mar 30, 2007)
Kotak Emerging Equity Fund	14.8	35.8
BSE Midcap	15.3	44.3

Kotak Emerging NAV: Rs. 13.577 (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
Equity & Equity related (Listed/Awaiting listing on Stock Exchange)		
ICICI Bank Ltd.	Banks	4.78 %
GVK Power & Infrastructure Ltd.	Power	4.72 %
Reliance Industries Ltd.	Petroleum Products	4.22 %
Pantaloon Retail (India) Ltd.	Retailing	3.33 %
Welspun Gujarat Stahl Rohren Ltd.	Ferrous Metals	3.31 %
Godrej Industries Ltd.	Chemicals	3.30 %
ABG Shipyard Limited	Industrial Capital Goods	3.25 %
Punj Lloyd Ltd.	Construction	3.01 %
Nitin Fire Protection industries Ltd	Industrial Equipment	2.99 %
JMC Projects (India) Ltd	Construction	2.98 %
Kalpataru Power Transmission Ltd.	Power	2.98 %
Listed/Awaiting listing on Stock Exchange - Total		53.96 %
		92.83 %

TERM DEPOSITS

Term Deposits		
Kotak Mahindra Bank Ltd.		1.14%
Term Deposits - Total		1.14%
Collateral Borrowing & Lending obligation		2.18%
Net Current Assets/(Liabilities)		3.85%
Grand Total		100.00%

Total NPA provided and percentage to NAV: NIL
Notes: * Indicates % to net Asset less than 0.01%

SECTOR ALLOCATION

Construction	18.08
Power	8.77
Industrial Capital Goods	8.34
Banks	6.96
Media and Entertainment	5.14
Industrial Products	4.71
Software	4.67
Petroleum Products	4.22
Net Current Assets	3.88
Finance	3.86
REST	31.37

KOTAK FLEXI FOF

Close - Ended Fund of Funds Scheme

About the Scheme

Investment Objective - The investment objective of the scheme is 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 Investments Horizon** - 1-3 years **Corpus:** Rs. 38.31 crores. **Ratios:** Total Expense Ratio: 0.75%

Performance as on February 29, 2008

	6 Months	1 Yr	Since Allotment (Oct 20, 2005)
Kotak Flexi FOF	11.4	23.4	27.6
CRISIL Balanced Fund Index	10.6	20.4	25.4

Kotak Flexi FOF NAV : Rs. 17.5810 (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
Mutual Fund Units		
Prudential ICICI Power Plan	Equity Scheme	16.23%
Kotak 30	Equity Scheme	16.11%
Franklin India Prima Fund	Equity Scheme	16.06%
Tata Equity Opportunities Fund	Equity Scheme	16.01%
Reliance Vision Fund	Equity Scheme	15.93%
Kotak Liquid Institutional Premium Plan	Debt Scheme	7.31%
Pru. ICICI Liquid Super Institutional Plan	Debt Scheme	2.95%
Tata Liquid Super High Investment Plan	Debt Scheme	2.95%
Reliance Liquidity Fund	Debt Scheme	2.95%
FT TMA Super Inst Plan	Debt Scheme	2.94%
Total		99.44%
Net Current Assets/(Liabilities)		0.56%
Grand Total		100.00%

Total NPA provided and percentage to NAV: NIL

Notes:

* Indicates % to net Asset less than 0.01%

SECTOR ALLOCATION

Prudential ICICI Power Plan	16.23
Kotak 30	16.11
Franklin India Prima Fund	16.06
Tata Equity Opportunities Fund	16.01
Reliance Vision Fund	15.93
Kotak Liquid Institutional Premium Plan	7.31
Pru. ICICI Liquid Super Institutional Plan	2.95
Tata Liquid Super High Investment Plan	2.95
Reliance Liquidity Fund	2.95
FT TMA Super Inst Plan	2.94
Net Current Asset	0.56

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 schemes will have all the risks associated with the underlying equity schemes including performance of underlying stocks, derivative investment, 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, Basic 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 underlying schemes. Hence the investors 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.