NOTICE-CUM-ADDENDUM

Any queries/clarifications in this regard may be addressed to: **Kotak Mahindra Asset Management Company Limited** CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 • Phone Number: 022 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

SEBI issued circulars vide ref. no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 4, 2017 on Categorization and Rationalization of Mutual fund Schemes ("SEBI Circular") to bring in uniformity in the characteristics of similar type of schemes launched by different Mutual Funds. This would ensure that an investor of Mutual Funds is able to evaluate different investment options, before taking an informed decision to invest in a scheme.

Pursuant to the SEBI Circular, Kotak Mahindra Trustee Company Limited (KMTC), Trustee to Kotak Mahindra Mutual Fund (the Fund) has decided to modify provisions of Scheme Information Document (SID) and Key Information Memorandum (KIM) of scheme(s) given below to categorize scheme(s) in line with the provisions of SEBI Circulars and enabling fund manager(s) to invest in various instruments/securities available in the securities market in the interest of investors.

Accordingly, there will be revision in scheme features of following scheme(s) shall with effect from May 25, 2018:

1. Kotak Infrastructure & Economic Reform Fund

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Infrastructure & Economic Reform Fund	
Nature of Scheme/ Type of Scheme	An open ended equity scheme	An open ended equity scheme following Infrastructure & Economic Reform theme
Benchmark	S & PBSE - 100	Kotak Infrastructure & Economic Reforms Fund benchmark - India Infrastructure Index - customised index prepared by IISL
Investment Objective	The investment objective of the Scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly (at least 65%) equity and equity-related securities of companies involved in economic development of India as a result of potential investments in infrastructure and unfolding economic reforms. There is no assurance that the investment objective of the Scheme will be achieved.	The investment objective of the Scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related securities of companies involved in economic development of India as a result of potential investments in infrastructure and unfolding economic reforms. There is no assurance that the investment objective of the Scheme will be achieved.
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation	Risk Profile
Equity and equity related securities	80% - 100%	High
Debt & money market securities/instruments/funds	0% - 20%	Low to Medium

The above Asset Allocation Pattern is only indicative. The investment manager may, in line with the investment objectives of the Scheme, alter the above pattern for a short term period, of up to 30 days, and on defensive considerations, the intention at all times being to protect the interests of the Unit Holders.

Proposed Features

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

Investments	Indicative Allocation	Risk Profile
Equity and equity related securities of companies involved in economic development of India as a result of potential investments in infrastructure and unfolding economic reforms	80% - 100%	High
Equity and equity related securities of companies other than those involved in economic development of India as a result of potential investments in infrastructure and unfolding economic reforms	0% - 20%	Medium to High
Debt & money market securities/instruments/funds*	0% - 20%	Low to Medium
Units issued by REITs & InvITs	0% - 10%	Medium to High

*Debt instruments shall be deemed to include Securitized debts (excluding foreign Securitized debt) and investment in Securitized debts shall not exceed 50% of Debt and Money Market instruments.

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

The Scheme will invest upto a maximum of 35% of its net assets in foreign securities as specified in the SEBI circular - SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. In case of any deviation, the AMC will achieve a normal asset allocation pattern in a maximum period of 30 Days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.

Investment Strategy

Existing Features

India's rapid economic development and urbanization has led to an ever-increasing need to provide basic infrastructure - particularly power, telecom, water, housing, sanitation, solid waste management, roads and urban transport including airports, ports, waterways etc. Urban roads are inadequate to meet growing traffic requirements. The number of vehicles in India has increased 80-fold over the last 40 years but road length has increased by only 5%#. Efficient roadway and urban transit networks are integral to the country's continued economic development. The housing shortage in India is estimated to be in the range of nearly 40 million dwelling units. India faces chronic power shortages due to underdeveloped generation capacity as well as a porous and inefficient transmission and distribution network. Teledensity in spite of recent strides in increasing subscriber population still is low compared to the developed world.

#According to Mr. M Rajamani, Joint Secretary to the government of India, Ministry of Urban Development, at the 2nd Conference on financing municipalities and sub-national governments, Washington DC, September 2004.

India has embarked upon an ambitious economic reform program aimed at correcting these imbalances and ensuring a balanced growth for all sections of the population on a sustained basis. Economic reform has also led to increased requirements of various goods and services essential for the sustained growth envisaged by various estimates of GDP growth.

The financial resources required to expand these basic amenities are enormous, resulting in a significant resource gap that cannot be met from traditional central and state government grants and loans. Recognition of this funding gap has resulted in a near-universal acceptance that the private sector can and should play a larger role in the financing of infrastructure in partnership with the public sector.

This growing area will potentially throw up a vast array of opportunities for investors. Kotak Infrastructure & Economic Reform Fund will invest primarily in equity and equity related instruments either through primary or secondary purchases of companies involved in this development as a result of such potential investments in infrastructure and unfolding economic reform to take advantage of this opportunity as it appears on the economic landscape of India.

Under normal market conditions and depending on the fund manager's views, the assets of the Scheme would be invested across stocks that represent a broad range of sectors of the economy as mentioned below in order to ensure adequate portfolio diversification:

(i) Infrastructure: Infrastructure companies operating in but not limited to power, oil and gas, telecom, water, housing, real estate, construction, roads, ports, airports, shipping & ship building, logistics, etc. and sectors that will benefit from the development in infrastructure such as but not limited to cement, metals, capital goods and banking and financial services.

(ii) Economic reform oriented: Companies in sectors that will benefit from the on-going liberalization in the Indian economy including relaxation in foreign exchange controls, FDI in banking and financial services and any other industry or sector where there is a trend to moving toward a freer market based model like retail, media and entertainment, mining, etc.

The fund manager may use selective derivative strategies with a view to optimize the overall performance of the Scheme.

Proposed features

India's rapid economic development and urbanization has led to an ever-increasing need to provide basic infrastructure - particularly power, telecom, water, housing, sanitation, solid waste management, roads and urban transport including airports, ports, waterways etc. Urban roads are inadequate to meet growing traffic requirements. The number of vehicles in India has increased 80-fold over the last 40 years but road length has increased by only 5%#. Efficient roadway and urban transit networks are integral to the country's continued economic development. The housing shortage in India is estimated to be in the range of nearly 40 million dwelling units. India faces chronic power shortages due to underdeveloped generation capacity as well as a porous and inefficient transmission and distribution network. Teledensity in spite of recent strides in increasing subscriber population still is low compared to the developed world.

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The financial resources required to expand these basic amenities are enormous, resulting in a significant resource gap that cannot be met from traditional central and state government grants and loans. Recognition of this funding gap has resulted in a near-universal acceptance that the private sector can and should play a larger role in the financing of infrastructure in partnership with the public sector.

This growing area will potentially throw up a vast array of opportunities for investors. Kotak Infrastructure & Economic Reform Fund will invest primarily in equity and equity related instruments either through primary or secondary purchases of companies involved in this development as a result of such potential investments in infrastructure and unfolding economic reform to take advantage of this opportunity as it appears on the economic landscape of India.

Under normal market conditions and depending on the fund manager's views, the assets of the Scheme would be invested across stocks that represent a broad range of sectors of the economy as mentioned below in order to ensure adequate portfolio diversification:

(i) Infrastructure: Infrastructure companies operating in but not limited to power, oil and gas, telecom, water, housing, real estate, construction, roads, ports, airports, shipping & ship building, logistics, etc. and sectors that will benefit from the development in infrastructure such as but not limited to cement, metals, capital goods and banking and financial services.

(ii) Economic reform oriented: Companies in sectors that will benefit from the on-going liberalization in the Indian economy including relaxation in foreign exchange controls, FDI in banking and financial services and any other industry or sector where there is a trend to moving toward a freer market based model like retail, media and entertainment, mining, etc.

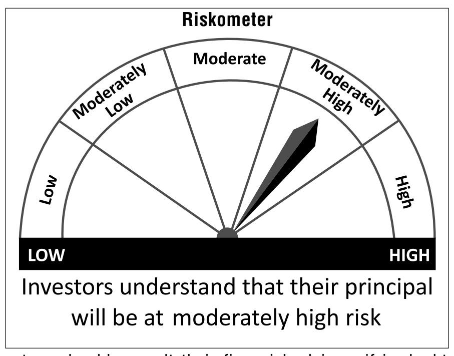
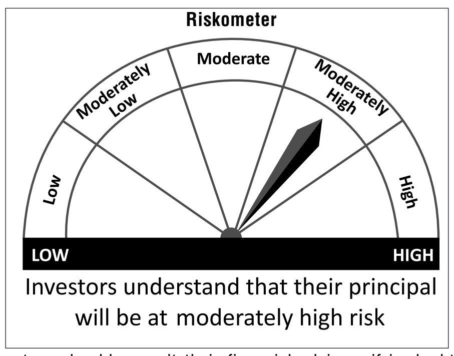
The fund manager may use selective derivative strategies with a view to optimize the overall performance of the Scheme.

The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996 and amended by SEBI from time to time.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

2. Kotak Mahindra 50 Unit Scheme

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Mahindra 50 Unit Scheme	Kotak Bluechip Fund
Nature of Scheme/ Type of Scheme	An open ended equity scheme	Large Cap Fund - An open ended equity scheme predominantly investing in large cap stocks
Product Label	**Kotak Mahindra 50 Unit Scheme is suitable for investors who are seeking*:** ■ Long term capital growth ■ Investment in portfolio of predominantly equity & equity related securities  *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	**Kotak Bluechip Fund is suitable for investors who are seeking*:** ■ Long term capital growth ■ Investment in portfolio of predominantly equity & equity related securities of large cap companies  *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
Benchmark	Nifty 50	
Investment Objective	To generate capital appreciation from a portfolio of predominantly equity and equity related securities. The portfolio will generally comprise of equity and equity related instruments of around 50 companies which may go up to 59 companies but will not exceed 59 at any point in time. Review and rebalancing will be conducted if the investment in companies exceed above 59. To reduce the risk of the portfolio, the Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI. Subject to the maximum amount permitted from time to time, the Scheme may invest in GDRs/ADRs of Indian companies for the Kotak 50 portfolio in the manner allowed by SEBI/RBI provided such investments are in conformity with the investment objective of the Scheme and the prevailing guidelines and Regulations. There is no assurance that the investment objective of the Scheme will be achieved.	To generate capital appreciation from a portfolio of predominantly equity and equity related securities falling under the category of large Cap companies. There is no assurance that the investment objective of the Scheme will be achieved.
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID). For further details please refer Scheme Information Document (SID). For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative allocation	Risk profile
Equity and equity related securities	65% to 100%	Medium to High
*Debt and Money Market Instruments	0% to 35%	Low to Medium

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

Note: The asset allocation shown above is indicative and may change for a short term on defensive considerations. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above.

Proposed Features

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

Asset Class	Investments	Indicative allocation	Risk profile
A	Equity and equity related securities	80% to 100%	Medium to High
A1	investments in equity and equity related securities of large cap companies$	80% to 100%	Medium to High
A2	investments in equity and equity related securities of other than large cap companies	0% - 20%	Medium to High
B	Debt and Money Market Instruments*	0% to 20%	Low to Medium
C	Units issued by REITs & InvITs	0% - 10%	Medium to High

$ Large cap companies would be those companies as defined under SEBI circular no. SEBI/HO/IM/DF3/CIR/P/2017/114 dated October 6, 2017 and as may be amended by SEBI from time to time. Currently the large cap companies are the 1st - 100th in terms of full market capitalisation. The list of stocks would be as per the list published by AMFI in accordance with the said circular and updated on half yearly basis.

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

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

The Scheme will invest upto a maximum of 20% of its net assets in foreign securities as specified in the SEBI circular-SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. In case of any deviation, the AMC will achieve a normal asset allocation pattern in a maximum period of 30 Days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.

Investment Strategy

Existing Features

The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Investment Manager, are priced at a material discount to their intrinsic value. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research supplemented by research available from other sources.

For selecting particular stocks as well as determining the potential value of such stocks, the AMC is guided, inter alia, by one or more of the following considerations:

1. The financial strength of the companies, as indicated by well recognised financial parameters;
2. Reputation of the management and track record;
3. Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
4. Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
5. Market liquidity of the stock.

Risk is managed by adequate diversification by spreading investments over a range of industries.

The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee is taken before making the investment.

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

Subject to the maximum amount permitted from time to time, the Scheme may invest in GDRs/ADRs, in the manner allowed by SEBI/RBI. Such investments will be in conformity with the investment objective of the Scheme and the guidelines and Regulations prevailing at the time.

Proposed features

The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Investment Manager, are priced at a material discount to their intrinsic value. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research supplemented by research available from other sources.

For selecting particular stocks as well as determining the potential value of such stocks, the AMC is guided, inter alia, by one or more of the following considerations:

1. The financial strength of the companies, as indicated by well recognised financial parameters;
2. Reputation of the management and track record;
3. Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
4. Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
5. Market liquidity of the stock.

Risk is managed by adequate diversification by spreading investments over a range of industries.

The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996. The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee is taken before making the investment.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

NOTICE-CUM-ADDENDUM

kotak Mutual Fund

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6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 • Phone Number: 022 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

3. Kotak Balance

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Balance	Kotak Equity Hybrid
Nature of Scheme/ Type of Scheme	An open ended balanced scheme	An open ended hybrid scheme investing predominantly in equity and equity related instruments.
Benchmark	Crisil Balanced Fund Index	NIFTY 50 Hybrid Composite Debt 70:30 Index
Investment Objective	The investment objective of the Scheme is to achieve growth by investing in equity and equity related instruments, balanced with income generation by investing in debt and money market instruments. To reduce the risk of the portfolio, the Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI. Subject to the maximum amount permitted from time to time, the Fund will apply to SEBI and/or RBI for permission to invest in offshore securities including equities and equity related instruments and bonds/debentures and GDRs/ADRs of Indian companies for the portfolio. Subject to the maximum amount permitted from time to time, the Scheme may invest in offshore securities including GDRs/ADRs, in the manner allowed by SEBI/RBI provided such investments are in conformity with the investment objective of the Scheme and the prevailing guidelines and Regulations. There is no assurance that the investment objective of the Scheme will be achieved.	The investment objective of the Scheme is to achieve growth by investing in equity and equity related instruments, balanced with income generation by investing in debt and money market instruments. There is no assurance that the investment objective of the Scheme will be achieved.
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID). For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative allocation	Risk profile
Equity and Equity related instruments	51%	Medium to High
*Debt and Money Market instruments	49%	Low to medium
Units issued by REITs & InvITs	0% - 10%	Medium to High

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

Note: The asset allocation shown above is indicative and may change depending on the Fund Manager's view of the market conditions for a short term on defensive considerations. The above allocation may change to maintain the ratio required for the Scheme to qualify as equity oriented scheme under Sections 115R and 115T of Income Tax Act, 1961. Under the said provision, dividend distributed by Equity oriented schemes is exempt from dividend distribution tax. However, the equity exposure can vary between 50% and 70% of the net assets of the Scheme. If the exposure falls below the said lower limit or exceeds the upper limit, it will be restored within Seven (7) Working Days.

Proposed Features

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

Investments	Indicative allocation	Risk Profile
Equity and Equity related instruments	65% - 80%	Medium to High
*Debt and Money Market instruments	20% - 35%	Low to medium
Units issued by REITs & InvITs	0% - 10%	Medium to High

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

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

The Scheme will invest upto a maximum of 35% of its net assets in foreign securities as specified in the SEBI circular-SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

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

Investment Strategy

Existing Features

Balancing Equity and Debt Risk:

The investment strategy is aimed at exploiting the potential for capital appreciation of equity and the stable returns of debt while balancing the risks of equity with the comparative safety of debt. Emphasis is given to choosing securities, which, in the opinion of the Fund Manager, are less prone to market risk and default risk, while bearing in mind the liquidity needs arising out of the open-ended nature of the Scheme.

Equity Portion: The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Fund Manager, are priced at a material discount to their intrinsic value and are less prone to market risk. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research, supplemented by research available from other sources. For selecting particular stocks as well as determining the potential value of such stocks, the AMC will be guided, inter alia, by the following considerations:

- The financial strength of the companies, as indicated by well recognised financial parameters;
- The reputation of the management and its track record;
- Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
- Companies which are generally believed to be a good credit risk;
- Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
- The market capitalisation on, volatility and liquidity of the stock.

Risk is distributed by spreading investments over a range of industries/sectors.

Debt Portion: The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market instruments/securities, Gilts/Government Securities, securities issued/guaranteed by the Central/State Governments, securities issued by public sector companies, financial institutions and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a repo agreement etc., provided the investment is within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee is taken before making the investment. The maturity profile of debt instruments is selected in accordance with the Fund Manager's view regarding market conditions, interest rate outlook and stability of rating.

The Scheme may invest in call money/term money market in terms of RBI guidelines in this respect.

To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other scheme of the Fund to the extent permitted by the Regulations. In such an event, the AMC cannot charge management fees on the amounts of the Schemes so invested, unless permitted by the Regulations.

Proposed features

Balancing Equity and Debt Risk:

The investment strategy is aimed at exploiting the potential for capital appreciation of equity and the stable returns of debt while balancing the risks of equity with the comparative safety of debt. Emphasis is given to choosing securities, which, in the opinion of the Fund Manager, are less prone to market risk and default risk, while bearing in mind the liquidity needs arising out of the open-ended nature of the Scheme.

Equity Portion: The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Fund Manager, are priced at a material discount to their intrinsic value and are less prone to market risk. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research, supplemented by research available from other sources. For selecting particular stocks as well as determining the potential value of such stocks, the AMC will be guided, inter alia, by the following considerations:

- The financial strength of the companies, as indicated by well recognised financial parameters;
- The reputation of the management and its track record;
- Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
- Companies which are generally believed to be a good credit risk;
- Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
- The market capitalisation on, volatility and liquidity of the stock.

The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996 and amended by SEBI from time to time.

Risk is distributed by spreading investments over a range of industries/sectors.

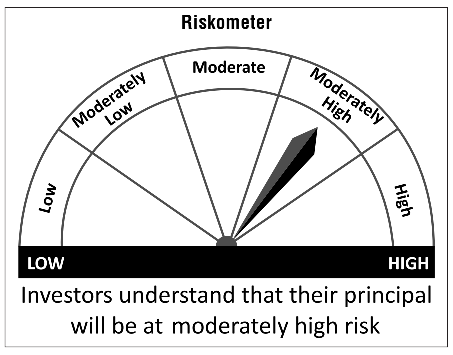
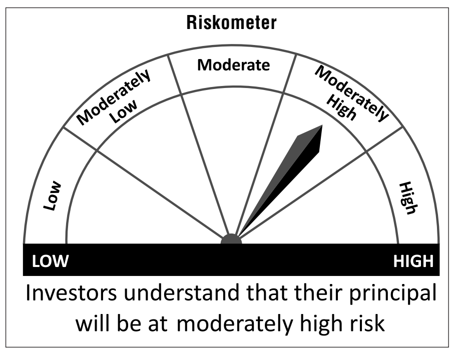
Debt Portion: The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market instruments/securities, Gilts/Government Securities, securities issued/guaranteed by the Central/State Governments, securities issued by public sector companies, financial institutions and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a repo agreement etc., provided the investment is within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee is taken before making the investment. The maturity profile of debt instruments is selected in accordance with the Fund Manager's view regarding market conditions, interest rate outlook and stability of rating.

The Scheme may invest in call money/term money market in terms of RBI guidelines in this respect.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

4. Kotak Emerging Equity Scheme

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Emerging Equity Scheme	Kotak Emerging Equity Scheme
Nature of Scheme/ Type of Scheme	An open ended equity growth scheme	Mid Cap Fund- An open ended equity scheme predominantly investing in mid cap stocks
Product Label	**Kotak Emerging Equity Scheme is suitable for investors who are seeking*:** ■ Long term capital growth ■ Investment in equity & equity related securities predominantly in mid & small cap companies  * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	**Kotak Emerging Equity Scheme is suitable for investors who are seeking*:** ■ Long term capital growth ■ Investment in equity & equity related securities predominantly in mid cap companies  * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
Benchmark	S & P BSE Mid Small Cap Index	Nifty Free Float Midcap 100
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. The scheme may also invest in Debt and Money Market Instruments, as per the asset allocation table. The Scheme's performance will be measured against the benchmark S&P BSE Mid Small Cap. There is no assurance that the investment objective of the Scheme will be achieved.	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 companies. The scheme may also invest in Debt and Money Market Instruments, as per the asset allocation table. There is no assurance that the investment objective of the Scheme will be achieved.
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative allocation	Risk profile
Equity & Equity related Securities Of which	65% to 100%	Medium to High
■ Mid and small cap companies	65% to 100%	Medium to High
■ Other Companies	0% to 35%	Medium to High
Debt & Money Market Instruments*	0% to 35%	Low

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

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

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

From time to time the Scheme may hold cash.

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

Proposed Features

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

Asset Class	Investments	Indicative allocation	Risk profile
A	Equity & Equity related Securities	65% to 100%	Medium to High
A1	investments in equity and equity related securities of mid cap companies$	65% to 100%	Medium to High
A2	investments in equity and equity related securities of Companies other than mid cap companies	0% to 35%	Medium to High
B	Debt & Money Market Instruments *	0% to 35%	Low
C	Units issued by REITs & InvITs	0% - 10%	Medium to High

$Mid cap companies would be those companies as defined under SEBI circular no. SEBI/HO/IM/DF3/CIR/P/2017/114 dated October 6, 2017 and as may be amended by SEBI from time to time. Currently the mid cap companies are 101st - 250th in terms of full market capitalisation. The list of stocks would be as per the list published by AMFI in accordance with the said circular and updated on half yearly basis.

*Debt instruments shall be deemed to include securitised debts and investment in such securitised debts shall not exceed 50% of the net assets of the scheme. The total investment value of equity, debt instruments and notional value of Investment in derivatives shall not exceed 100% of the net assets of the scheme.

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

From time to time the Scheme may hold cash.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The Scheme will invest upto a maximum of 35% of its net assets in foreign securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

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

Investment Strategy

Existing Features

The scheme will use bottom-up stock selection and invest across sectors and companies. To achieve the investment objective, the scheme will predominantly invest in equity and equity linked instruments of mid & small cap companies, i.e., companies that have market capitalisation lower than the large cap companies.

For the purpose of determining market capitalisation, the scheme will follow the market capitalisation range as per S&P BSE Mid Small Cap, or other such agency as may be designated by the AMC, at the end of every calendar quarter. Any stock which has a market capitalization above the highest market capitalisation in S&P BSE Mid Small Cap would be considered as Largecap, and, any stock which has a market capitalisation below the lowest market capitalisation in S&P BSE Mid Small Cap would be considered as smallcap

The universe would also include those companies coming with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Fund Manager, are priced at a material discount to their intrinsic value. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research supplemented by research available from other sources.

For selecting particular stocks as well as determining the potential value of such stocks, the AMC is guided, inter alia, by one or more of the following considerations:

a) The financial strength of the companies, as indicated by well-recognised financial parameters;
b) Reputation of the management and track record;
c) Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
d) Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
e) Market liquidity of the stock.

In an endeavour to preserve capital in bearish market conditions, the Fund Manager may invest in money or debt market securities up to 35% of the portfolio.

The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the Investment Pattern Table. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee is taken before making the investment.

The Scheme may also use various derivative products from time to time, in the manner permitted by SEBI.

To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other scheme of the Fund to the extent permitted by the Regulations. In such an event, the AMC cannot charge management fees on the amounts of the Schemes so invested, unless permitted by the Regulations.

Proposed features

The scheme will use bottom-up stock selection and invest across sectors and companies. To achieve the investment objective, the scheme will predominantly invest in equity and equity linked instruments of small cap companies.

The universe would also include those companies coming with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

Any queries/clarifications in this regard may be addressed to: **Kotak Mahindra Asset Management Company Limited** CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 • Phone Number: 022 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

4. Kotak Emerging Equity Scheme (contd.)

SUBJECT	
Proposed features	The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Fund Manager, are priced at a material discount to their intrinsic value. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research supplemented by research available from other sources. For selecting particular stocks as well as determining the potential value of such stocks, the AMC is guided, inter alia, by one or more of the following considerations: a) The financial strength of the companies, as indicated by well-recognised financial parameters; b) Reputation of the management and track record; c) Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management; d) Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and e) Market liquidity of the stock. In an endeavour to preserve capital in bearish market conditions, the Fund Manager may invest in debt and money market instruments up to 35% of the portfolio. The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996 and amended by SEBI from time to time. The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the Investment Pattern Table. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee is taken before making the investment. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

5. Kotak Equity Savings Fund

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Equity Savings Fund	
Nature of Scheme/ Type of Scheme	An open ended equity scheme	An open ended scheme investing in equity, arbitrage and debt
Benchmark	75% of Nifty 50 Arbitrage Index & 25% in Nifty 50	
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Asset Class	Investments	Indicative Allocation	Risk Profile
A	Equity & Equity Related instruments including derivatives	65% - 90%	Medium - High
A1	Of which Cash-futures arbitrage*	40% - 75%	Low - Medium
A2	of which Net long equity exposure**	15% - 25%	High
B	Debt & Money market Instruments (including margin for derivatives)	10% - 35%	Low
C	Units issued by REITs & InvITs	0% - 10%	Medium to High

*This denotes only hedged equity positions by investing in arbitrage opportunities in the equity market. The fund manager in the above case can therefore take exposure to equivalent stock/index futures & create completely covered positions. Eg. - The scheme invests 65% in equity stocks/index basket in the cash market and takes short position in futures market for relevant stocks/index to the extent of exactly 65% to avail arbitrage between spot & futures market. Thus the entire position is used to lock arbitrage profit.

**This denotes only net long equity exposures aimed to gain from potential capital appreciation of these positions. Thus it is a directional equity exposure which is not hedged.

In case of deviation from the above asset allocation, it will be rebalanced within a maximum period of 30 days.

The cumulative gross exposure through debt, equity and derivative positions shall not exceed 100% of the net assets of the scheme in accordance with SEBI Cir/IMD/DF/11/2010 dated August 18, 2010.

If the debt/money market instruments offer better returns than the arbitrage opportunities available in cash and derivatives segments of equity markets then the investment manager may choose to have a lower equity exposure. In such defensive circumstances the asset allocation will be as per the below table:

Asset Class	Investments	Indicative Allocation	Risk Profile
A	Equity & Equity Related instruments including derivatives	25% - 65%	Medium - High
A1	Of which Cash-futures arbitrage*	0% - 50%	Low - Medium
A2	of which Net long equity exposure**	15% - 25%	High
B	Debt & Money Market Instruments (including margin for derivatives)	35% - 75%	Low

*This denotes only hedged equity positions by investing in arbitrage opportunities in the equity market. The fund manager in the above case can therefore take exposure to equivalent stock/index futures & create completely covered positions.

**This denotes only net long equity exposures aimed to gain from potential capital appreciation of these positions. Thus it is a directional equity exposure which is not hedged.

The above asset allocation for defensive consideration will be for a maximum period of 30 days within which the asset allocation will be rebalanced back to as indicated for normal circumstances.

The scheme shall not invest in ADR/GDR, foreign securities and Securitised Debt and shall not involve in short selling of securities.

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending. The Fund can temporarily lend securities held with the Custodian to reputed counter-parties, for a fee, subject to prudent limits and controls for enhancing returns. The Fund is allowed to lend securities subject to a maximum of 20%, in aggregate, of the net assets of the Scheme and 5% of the net assets of the Scheme in the case of a single intermediary.

Proposed Features

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

Asset Class	Investments	Indicative Allocation	Risk Profile
A	Equity & Equity Related instruments including derivatives	65% - 90%	Medium - High
A1	Of which Cash-futures arbitrage*	15% - 80%	Low - Medium
A2	of which Net long equity exposure**	10% - 50%	High
B	Debt & Money Market Instruments (including margin for derivatives)***	10% - 35%	Low
C	Units issued by REITs & InvITs	0% - 10%	Medium to High

*This denotes only hedged equity positions by investing in arbitrage opportunities in the equity market. The fund manager in the above case can therefore take exposure to equivalent stock/index futures & create completely covered positions. Eg. - The scheme invests 65% in equity stocks/index basket in the cash market and takes short position in futures market for relevant stocks/index to the extent of exactly 65% to avail arbitrage between spot & futures market. Thus the entire position is used to lock arbitrage profit.

**This denotes only net long equity exposures aimed to gain from potential capital appreciation of these positions. Thus it is a directional equity exposure which is not hedged.

***Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts shall not exceed 50% of Debt and Money Market instruments.

Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

The cumulative gross exposure through debt, equity and derivative positions shall not exceed 100% of the net assets of the scheme in accordance with SEBI Cir/IMD/DF/11/2010 dated August 18, 2010.

If the debt/money market instruments offer better returns than the arbitrage opportunities available in cash and derivatives segments of equity markets then the investment manager may choose to have a lower equity exposure. In such defensive circumstances the asset allocation will be as per the below table:

Asset Class	Investments	Indicative Allocation	Risk Profile
A	Equity & Equity Related instruments including derivatives	30% - 65%	Medium - High
A1	of which Cash-futures arbitrage*	15% - 20%	Low - Medium
A2	of which Net long equity exposure**	10% - 50%	High
B	Debt & Money Market Instruments (including margin for derivatives)***	35% - 70%	Low
C	Units issued by REITs & InvITs	0% - 10%	Medium to High

*This denotes only hedged equity positions by investing in arbitrage opportunities in the equity market. The fund manager in the above case can therefore take exposure to equivalent stock/index futures & create completely covered positions.

**This denotes only net long equity exposures aimed to gain from potential capital appreciation of these positions. Thus it is a directional equity exposure which is not hedged.

***Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts shall not exceed 50% of Debt and Money Market instruments.

Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

The Scheme will invest upto a maximum of 35% of its net assets in foreign securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

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

Investment Strategy

Existing Features

The investment strategy is aimed at generating income by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and in debt securities and at the same time attempting to enhance returns through long exposure in equity and equity related instruments. If suitable arbitrage opportunities are not available in the opinion of the Fund Manager, the scheme may predominantly invest in debt and money market securities.

Income from Arbitrage Positions:

The fund manager will evaluate the difference between price of a stock in the futures market and in the spot market. If the price

5. Kotak Equity Savings Fund (contd.)

Existing Features

of a stock in the futures market is higher than in the spot market, after adjusting for cost and taxes, the scheme may buy the stock in the spot market and sell the same stock in equal quantity in the futures market simultaneously. For example, on 29-05-2016, the scheme buys 10,000 shares of XYZ Ltd. on spot @ ₹ 144.40/- and at the same time sells 10,000 XYZ Ltd. futures for June 2016 expiry @ ₹ 145.70. The scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on 25-06-2016. If the scheme holds this position till expiry of the futures, the scheme earns an annualised net return (after adjusting brokerage, service tax and STT) of 9.03%, irrespective of what is the price of XYZ Ltd. on the date of expiry. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still persists, the scheme may rollover* the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously.

*Rolling over of the futures transaction means,

Unwinding the short position in the futures and simultaneously buying futures of the subsequent month maturity, and

Holding onto the spot position

There could also be instances of unwinding both the spot and the future position before the expiry of the current-month future to increase the base return or to meet redemption.

The scheme also seeks to participate in the Securities Lending & Borrowing market to the extent of 20% of the net assets of the scheme or as permitted by SEBI from time to time to augment the income through the lending fee or through arbitrage opportunities presented there.

Enhance returns through Unhedged Equity:

The scheme would look to enhance returns through a moderate exposure in unhedged equity positions. The long equity exposure may comprise of equity stocks or equity derivatives such as equity index options & futures or a combination of both. A combination of top-down & bottom up approach would be used to select scrips which have the potential to provide growth at reasonable valuations.

Proposed features

The investment strategy is aimed at generating income by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and in debt securities and at the same time attempting to enhance returns through long exposure in equity and equity related instruments. If suitable arbitrage opportunities are not available in the opinion of the Fund Manager, the scheme may predominantly invest in debt and money market securities.

Income from Arbitrage Positions:

The fund manager will evaluate the difference between price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for cost and taxes, the scheme may buy the stock in the spot market and sell the same stock in equal quantity in the futures market simultaneously. For example, on 29-05-2016, the scheme buys 10,000 shares of XYZ Ltd. on spot @ ₹ 144.40/- and at the same time sells 10,000 XYZ Ltd. futures for June 2016 expiry @ ₹ 145.70. The scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on 25-06-2016. If the scheme holds this position till expiry of the futures, the scheme earns an annualised net return (after adjusting brokerage, service tax and STT) of 9.03%, irrespective of what is the price of XYZ Ltd. on the date of expiry. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still persists, the scheme may rollover* the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously.

*Rolling over of the futures transaction means, Unwinding the short position in the futures and simultaneously buying futures of the subsequent month maturity, and

Holding onto the spot position.

There could also be instances of unwinding both the spot and the future position before the expiry of the current-month future to increase the base return or to meet redemption.

Enhance returns through Unhedged Equity:

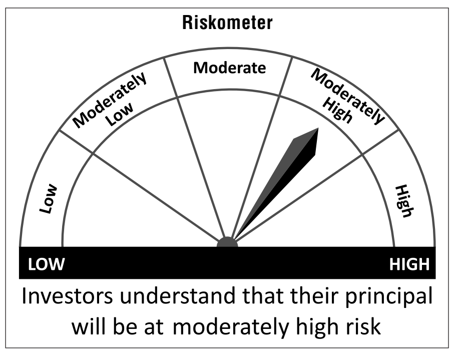
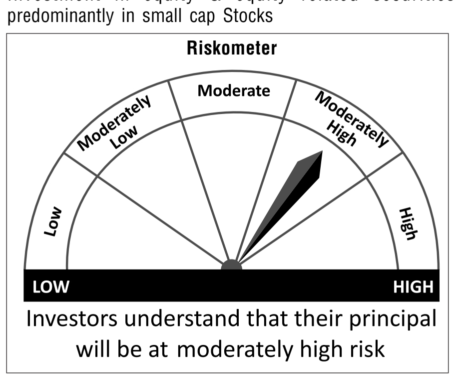
The scheme would look to enhance returns through a moderate exposure in unhedged equity positions. The long equity exposure may comprise of equity stocks or equity derivatives such as equity index options & futures or a combination of both. A combination of top-down & bottom up approach would be used to select scrips which have the potential to provide growth at reasonable valuations.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996 and amended by SEBI from time to time.

The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

6. Kotak Midcap Scheme

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Midcap Scheme	Kotak Small Cap Fund
Nature of Scheme/ Type of Scheme	An open ended equity growth scheme	Small Cap Fund - An open ended equity scheme predominantly investing in small cap stocks
Product Label	**Kotak Midcap Scheme is suitable for investors who are seeking*:** ■ Long term capital growth ■ Investment in equity & equity related securities predominantly in mid cap Stocks  *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	**Kotak Smallcap Fund is suitable for investors who are seeking*:** ■ Long term capital growth ■ Investment in equity & equity related securities predominantly in small cap Stocks  *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
Benchmark	Nifty Midcap 100	Nifty Smallcap 50
Investment Objective	The investment objective of the scheme is to generate capital appreciation from a diversified portfolio of equity and equity related securities. The Scheme will predominantly invest in midcap stocks. The stocks falling within the market capitalization range in the underlying benchmark viz Nifty Midcap 100 would be would be considered as midcap stocks. Any stock which would have a market capitalization above the highest market capitalisation in Nifty Midcap 100 would be considered as Largecap, and, any stock which has a market capitalisation below the lowest market capitalisation in Nifty Midcap 100 would be considered as smallcap. For the purpose of determining midcap stocks, the market capitalisation of companies at the end of pervious calendar quarter will be considered, and followed for subsequent calendar quarter. The portfolio will be reviewed and rebalanced within a month from the calendar quarter end, based on the classification. The Midcap segment consists of companies, many of whom started out small. They have survived the uncertainities of the early years and have the potential to register good growth over the long term. These companies could be tomorrow's blue chip stocks. Subject to the maximum amount permitted from time to time, the Scheme may invest in ADRs/GDRs or other offshore securities, in the manner allowed by SEBI/RBI, provided such investments are in conformity with the investment objectives of the Scheme and the prevailing guidelines and Regulations. The Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI. There is no assurance that the investment objective of the Scheme will be achieved.	The investment objective of the scheme is to generate capital appreciation from a diversified portfolio of equity and equity related securities by investing predominantly in small cap companies. There is no assurance that the investment objective of the Scheme will be achieved.
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Asset Class	Investments	Indicative Allocation	Risk Profile
A	Equity and Equity related instruments	65% to 100%	High
A1	Midcap Stocks	65% to 100%	High
A2	Other than Midcap Stocks	0 to 35%	High
B	Debt and Money Market Securities	0 to 35%	Low

Note: The asset allocation (between asset classes A and B) shown above is indicative and may vary according to circumstance at the discretion of the Fund Manager, on defensive consideration. Review and rebalancing will be conducted when the asset allocation (between asset classes A and B) falls outside the range indicated above. If the exposure falls outside the above range, it will be restored within Ten Working Days

The asset allocation between A1 and A2 as indicated above shall be reviewed at the end of every calendar quarter and rebalancing, if required will be conducted within a month of review. The Scheme will not invest in securitised debt.

Proposed Features

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

Asset Class	Investments	Indicative Allocation	Risk Profile
A	Equity and Equity related instruments	65% to 100%	High
A1	investments in equity and equity related securities of small cap companies$	65% to 100%	High
A2	investments in equity and equity related securities of Companies other than small cap companies	0% to 35%	High
B	Debt and Money Market Securities	0% to 35%	Low
C	Units issued by REITs & InvITs	0% - 10%	Medium to High

$Small cap companies would be those companies as defined under SEBI circular no. SEBI/HO/IM/DF3/CIR/P/2017/114 dated October 6, 2017 and as may be amended by SEBI from time to time. Currently the small cap companies are 251sh onwards in terms of full market capitalisation. The list of stocks would be as per the list published by AMFI in accordance with the said circular and updated on half yearly basis.

*Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts shall not exceed 50% of Debt and Money Market instruments.

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an

Any queries/clarifications in this regard may be addressed to: **Kotak Mahindra Asset Management Company Limited** CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 • Phone Number: 022 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

6. Kotak Midcap Scheme (contd.)

SUBJECT

Proposed Features

unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

The Scheme will invest upto a maximum of 35% of its net assets in foreign securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

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

Investment Strategy

Existing Features

The Scheme will invest predominantly (atleast 65%) in midcap stocks, which in the opinion of the Fund Manager offers above average earnings, growth potential and attractive valuation.

To pursue its investment objective, the Fund Manager has the discretion to invest in other than mid cap stocks (stocks, which have a market capitalisation of above or below the market capitalisation range of midcap stocks) and related derivatives. On defensive consideration, the Scheme may also invest in debt and money market instruments.

In order to build a diversified portfolio of investments, the Scheme will make investments across sectors. The Scheme will normally invest in companies, which have the following characteristics:

- Proven products and services,
- Record of above average earnings growth and have potential to sustain such growth,
- Stock prices that appear to undervalue their growth prospects, and
- Companies, which are in their early and more dynamic stage of the life cycle, but are no more considered new or emerging.

The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities would be made with the prior approval of the Board of the AMC provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee would be taken before making the investment.

Subject to the maximum amount permitted from time to time, the Scheme may invest in ADRs/GDRs or other offshore securities, in the manner allowed by SEBI/RBI, provided such investments are in conformity with the investment objectives of the Scheme and the prevailing guidelines and Regulations. The Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI.

To avoid duplication of portfolios and to reduce expenses the Scheme may invest in any other scheme of the Fund to the extent permitted by the Regulations. In such an event, as per the Regulations, the AMC cannot charge management fees on the amounts of the Schemes so invested.

Proposed features

The Scheme will invest predominantly (atleast 65%) in stocks of small cap companies.

On defensive consideration, the Scheme may also invest in debt and money market instruments.

In order to build a diversified portfolio of investments, the Scheme will make investments across sectors. The Scheme will normally invest in companies, which have the following characteristics:

- Proven products and services,
- Record of above average earnings growth and have potential to sustain such growth,
- Stock prices that appear to undervalue their growth prospects, and
- Companies, which are in their early and more dynamic stage of the life cycle, but are no more considered new or emerging.

The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities would be made with the prior approval of the Board of the AMC provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee would be taken before making the investment.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996 and amended by SEBI from time to time.

The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

7. Kotak Select Focus Fund

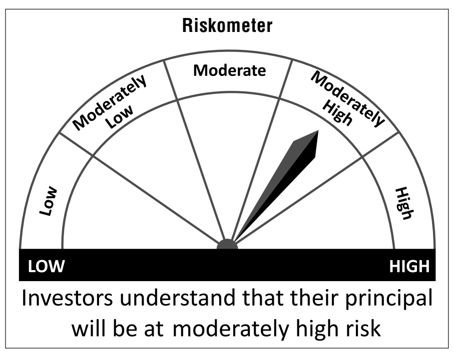
SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Select Focus Fund	Kotak Standard Multicap Fund
Nature of Scheme/ Type of Scheme	An open ended equity scheme	Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks

Product Label

Existing features:

Kotak Select Focus Fund is suitable for investors who are seeking*:

- Long term capital growth
- Investment in portfolio of predominantly equity & equity related securities generally focused on a few selected sectors

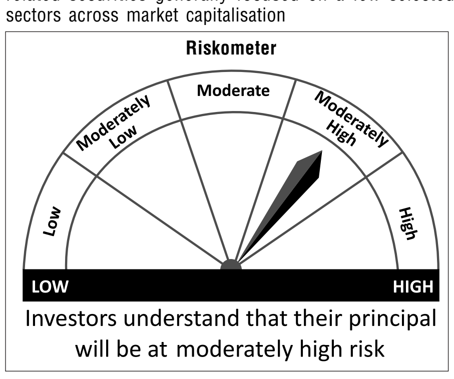


*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Proposed features:

Kotak Standard Multicap Fund is suitable for investors who are seeking*:

- Long term capital growth
- Investment in portfolio of predominantly equity & equity related securities generally focused on a few selected sectors across market capitalisation



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

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Benchmark	Nifty 200	
Investment Objective	The investment objective of the scheme is to generate long-term capital appreciation from a portfolio of equity and equity related securities, generally focused on a few selected sectors. There is no assurance that the investment objective of the Scheme will be achieved.	The investment objective of the scheme is to generate long-term capital appreciation from a portfolio of equity and equity related securities, generally focused on a few selected sectors. There is no assurance that the investment objective of the Scheme will be achieved
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation	Risk Profile
Equity and Equity related Securities	65% to 100%	Medium to High
Debt & Money Market Instruments*	0% to 35%	Low

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

From time to time the Scheme may hold cash for the following reasons:

- To meet the redemption requirements
- Due to lag in deal date and value date of acquiring an asset
- If in opinion of the Fund Manager it is in interest of unit holders to hold cash.

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

Proposed Features

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

Investments	Indicative Allocation	Risk Profile
Equity and Equity related Securities	65% to 100%	Medium to High
Debt & Money Market Instruments*	0% to 35%	Low
Units issued by REITs & InvITs	0% - 10%	Medium to High

*Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts may be up to 50% of Debt and Money Market instruments. This will also include margin money for derivative transactions.

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time;

From time to time the Scheme may hold cash for the following reasons:

- To meet the redemption requirements
- Due to lag in deal date and value date of acquiring an asset
- If in opinion of the Fund Manager it is in interest of unit holders to hold cash.

The scheme may invest in companies coming out with the IPO and whose post issue market cap (based on the issue price) would fall under above-mentioned criteria.

The Scheme will invest upto a maximum of 35% of its net assets in foreign securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. Scheme may invest in GDRs/ADRs including overseas markets in GDRs/ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time.

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

7. Kotak Select Focus Fund (contd.)

SUBJECT

Proposed Features

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

Portfolio Rebalancing:

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

Investment Strategy

Existing Features

To achieve the investment objective, the scheme will invest in equity and equity linked instruments across companies irrespective of their market capitalisations. However, the Fund Manager will generally invest in a few selected sectors, which in the opinion of the fund manager have potential to grow. To that extent it would be a concentrated strategy but managed actively. Moreover there will not be any restrictions in terms of investment in a single sector or cap on floor of investment per sector. There will be concentration in the portfolio on certain select sectors, which are in the opinion of the fund manager expected to do well.

The selection of sectors would be driven primarily by the growth prospects and valuations of the businesses over a medium to long term as per the discretion of the fund manager. The fund manager broadly follows the sector classification suggested by AMFI; however, the sector classification of an individual stock will be decided by the fund manager as per his/her understanding about the growth driver for that stock. For example, a company classified under consumer durables may be reclassified into real estate sector by the fund manager, if in the opinion of fund manager, the stock is doing and/or expected to do well because of its other revenues arising out of real estate transactions. The Sectoral focus of the scheme is restricted to investment in equity and equity related instruments and does not extend to debt securities. The total number of sectors focussed will be kept around 50% of the sectors represented in Nifty 50 index; however the sectors/stocks selected may or may not be within the sectors represented in Nifty 50 index.

The sectors represented in Nifty 50 index as on the last date of the previous quarter will be considered for selecting the sectors to be focused during the quarter. The asset allocation across the select sectors may be rebalanced in thirty days from the end of the quarter.

The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Investment Manager, are priced at a material discount to their intrinsic value. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research supplemented by research available from other sources.

For selecting particular stocks as well as determining the potential value of such stocks, the AMC is guided, inter alia, by one or more of the following considerations:

1. The financial strength of the companies, as indicated by well recognised financial parameters;
2. Reputation of the management and track record;
3. Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
4. Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
5. Market liquidity of the stock.

In an endeavour to preserve capital in bearish market conditions, the Fund Manager may invest in money or debt market securities upto 35% of the portfolio.

The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above but within the limits prescribed under SEBI mutual fund regulations, approval of the Boards of both the AMC and the Trustee is taken before making the investment.

To reduce the risk of the portfolio, the Scheme may also use various derivative and hedging products from time to time like stock specific and/or index derivatives for hedging and rebalancing purposes, in the manner permitted by SEBI.

To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other scheme of the Fund to the extent permitted by the Regulations. In such an event, the AMC cannot charge management fees on the amounts of the Schemes so invested, unless permitted by the Regulations.

Proposed features

To achieve the investment objective, the scheme will invest in equity and equity linked instruments across market capitalization viz. Large cap, mid cap and small companies as defined under SEBI circular no. SEBI/HO/IM/DF3/CIR/P/2017/114 dated October 6, 2017 and as may be amended by SEBI from time to time. Currently the large cap companies are the 1^{st} - 100^{th}, mid cap companies are 101^{st} - 250^{th} and small cap companies are 251^{st} company onwards in terms of full market capitalisation. The list of stocks would be as per the list published by AMFI in accordance with the said circular and updated on half yearly basis.

However, the Fund Manager will generally invest in a few selected sectors, which in the opinion of the fund manager have potential to grow.

The selection of sectors would be driven primarily by the growth prospects and valuations of the businesses over a medium to long term as per the discretion of the fund manager.

The investment strategy of the AMC is directed to investing in stocks, which, in the opinion of the Investment Manager, are priced at a material discount to their intrinsic value. Such intrinsic value is a function of both past performance and future growth prospects. The process of discovering the intrinsic value is through in-house research supplemented by research available from other sources.

For selecting particular stocks as well as determining the potential value of such stocks, the AMC is guided, inter alia, by one or more of the following considerations:

1. The financial strength of the companies, as indicated by well recognised financial parameters;
2. Reputation of the management and track record;
3. Companies that are relatively less prone to recessions or cycles, either because of the nature of their businesses or superior strategies followed by their management;
4. Companies which pursue a strategy to build strong brands for their products or services and those which are capable of building strong franchises; and
5. Market liquidity of the stock.

In an endeavour to preserve capital in bearish market conditions, the Fund Manager may invest in debt and money market instruments upto 35% of the portfolio.

The Scheme may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 1996 and amended by SEBI from time to time. The scheme may also invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above but within the limits prescribed under SEBI mutual fund regulations, approval of the Boards of both the AMC and the Trustee is taken before making the investment.

The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

8. Kotak Monthly Income Plan

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Monthly Income Plan	Kotak Debt Hybrid
Nature of Scheme/ Type of Scheme	An open ended income scheme	An open ended hybrid scheme investing predominantly in debt instruments
Benchmark	CRISIL Hybrid 85+15 - Conservative Index*	
Investment Objective	The investment objective of the Scheme is to enhance returns over a portfolio of debt instruments with a moderate exposure in equity and equity related instruments. By investing in debt securities, the Scheme will aim at generating regular returns, while enhancement of return is intended through investing in equity and equity related securities. The Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI. The debt securities would include instruments such as bonds, debentures, Government Securities and money market instruments, including repos in permitted securities of different maturities, so as to spread the risk across different kinds of issuers in the debt markets. The Scheme may invest in call money/term money market in terms of RBI guidelines in this respect. There is no assurance that the investment objective of the Schemes will be realised.	The investment objective of the Scheme is to enhance returns over a portfolio of debt instruments with a moderate exposure in equity and equity related instruments. By investing in debt securities, the Scheme will aim at generating regular returns, while enhancement of return is intended through investing in equity and equity related securities. The Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI. There is no assurance that the investment objective of the Schemes will be realised.
Scheme Expenses	Upto 2.25% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

*The existing benchmark "CRISIL MIP Blended" has been renamed as "CRISIL Hybrid 85+15 - Conservative Index" as per communication received from CRISIL

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation	Risk Profile
*Debt and money market instruments	Upto 100%	Low to Medium
Equity and equity related instruments	Upto 20%	Medium to High
Units issued by REITs & InvITs	0% - 10%	Medium to High

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

Note: The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Managers, on defensive consideration or according to the interest rate view of the Fund Manager. Also, the composition may change due to purchases and redemption of Units or during adjustment of the average maturity of investments. Should the proportion of investments in equity and equity related instruments exceed 20%, the Portfolio will be reviewed and rebalanced.

Proposed Features

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

Investments	Indicative Allocation	Risk Profile
*Debt and money market instruments including government securities	75% - 90%	Low to Medium
Equity and equity related instruments	10% - 25%	Medium to High
Units issued by REITs & InvITs	0% - 10%	Medium to High

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

Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.

Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time. The AMC shall not charge any investment management and advisory fees for parking of funds in such short term deposits of scheduled commercial banks for the scheme.

The portfolio duration would be managed dynamically by the fund manager as per his view of various macro-economic conditions that affect interest rates.

NOTICE-CUM-ADDENDUM

kotak Mutual Fund

Any queries/clarifications in this regard may be addressed to: **Kotak Mahindra Asset Management Company Limited** CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 • Phone Number: 022 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

8. Kotak Monthly Income Plan (contd.)

SUBJECT	
Proposed Features	The Scheme will invest upto a maximum of 20% of debt portion of the Scheme in foreign securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. "Foreign Securities" means Securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. To reduce the risk of the portfolio, the Scheme may use various derivative and hedging products from time to time, in the manner permitted by SEBI. The scheme can invest unlisted equity shares or equity related instruments in accordance with regulations issued and amended by SEBI from time to time. Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary. The scheme may participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. **Portfolio Rebalancing:** The asset allocation shown above is indicative and may vary according to circumstances at the sole discretion of the Fund Manager, in accordance with the interest rate view of the Fund Manager. The composition may change due to purchases and redemption of units or during adjustment of the average maturity of investments. Should the asset allocation go outside the limits specified, rebalancing would be conducted within 30 days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.
Investment Strategy	
Existing Features	The investment strategy is aimed at generating regular returns by investing in debt securities and at the same time attempting to enhance returns through investments in equity and equity related instruments. **a. Debt Portion** Investments may be made in such instruments, which, in the opinion of the Fund Manager, are of acceptable credit risk where chances of default are at a minimum. The Fund Manager may generally be guided by, but not restrained by, the ratings announced by various rating agencies on the assets in the portfolio. The maturity profile of debt instruments may be selected in accordance with the Fund Manager's view regarding market conditions, interest rate outlook and stability of rating. Emphasis may be given to choosing securities, which, in the opinion of the Fund Manager, are less prone to default risk, while bearing in mind the liquidity needs arising out of the open-ended nature of the Scheme. The Scheme is not restrained from investing in listed/unlisted and/or rated/unrated debt securities, Gilts/Government Securities, securities issued/guaranteed by the Central/State Governments, securities issued by public/private sector companies/corporations, financial institutions and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a repo agreement etc., provided the investments are within the limits indicated in the Asset Allocation Table. The investments may carry fixed rate of return or floating rate of return or may be issued on discount basis. The Scheme may invest in call money/ term money market in terms of RBI guidelines in this respect. Investment in unrated debt securities will be made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee will be taken before making the investment. The AMC will have an internal policy for selection of assets of the portfolio from time to time, taking into account multiple ratings, rating migration, credit premium over sovereign risk, general economic conditions and such other criteria. Such an internal policy from time to time will lay down maximum/minimum exposure for different ratings, norms for investing in unrated paper, liquidity norms and so on. Through such norms, the Scheme is expected to maintain a high quality portfolio and manage credit risk well. **b. Equity Portion** The investment strategy of the AMC will be directed to investing in stocks as indicated in the Asset Allocation Table, which, in the opinion of the Fund Manager, are priced at a material discount to their intrinsic value. Such intrinsic value will be a function of both past performance and future growth prospects. The process of discovering the intrinsic value will be through in-house research, supplemented by research available from other sources. The equity portfolio may not be fully diversified at all points of time as the Fund Manager may restrict investments in a few select companies. To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other scheme of the Fund to the extent permitted by the Regulations. In such an event, as per the Regulations, the AMC cannot charge management fees on the amounts of the Schemes so invested. The Fund may underwrite primary issuances of securities subject to the Regulations. The Scheme may invest in ADRs/GDRs or other offshore securities. The Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI.
Proposed Features	The investment strategy is aimed at generating regular returns by investing in debt securities and at the same time attempting to enhance returns through investments in equity and equity related instruments. **a. Debt Portion** Investments may be made in such instruments, which, in the opinion of the Fund Manager, are of acceptable credit risk where chances of default are at a minimum. The Fund Manager may generally be guided by, but not restrained by, the ratings announced by various rating agencies on the assets in the portfolio. The maturity profile of debt instruments may be selected in accordance with the Fund Manager's view regarding market conditions, interest rate outlook and stability of rating. Emphasis may be given to choosing securities, which, in the opinion of the Fund Manager, are less prone to default risk, while bearing in mind the liquidity needs arising out of the open-ended nature of the Scheme. The Scheme is not restrained from investing in listed/unlisted and/or rated/unrated debt securities, Gilts/Government Securities, securities issued/guaranteed by the Central/State Governments, securities issued by public/private sector companies/corporations, financial institutions and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a repo agreement etc., provided the investments are within the limits indicated in the Asset Allocation Table. The investments may carry fixed rate of return or floating rate of return or may be issued on discount basis. The Scheme may invest in call money/ term money market in terms of RBI guidelines in this respect. Investment in unrated debt securities will be made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee will be taken before making the investment. The AMC will have an internal policy for selection of assets of the portfolio from time to time, taking into account multiple ratings, rating migration, credit premium over sovereign risk, general economic conditions and such other criteria. Such an internal policy from time to time will lay down maximum/minimum exposure for different ratings, norms for investing in unrated paper, liquidity norms and so on. Through such norms, the Scheme is expected to maintain a high quality portfolio and manage credit risk well. **b. Equity Portion** The investment strategy of the AMC will be directed to investing in stocks as indicated in the Asset Allocation Table, which, in the opinion of the Fund Manager, are priced at a material discount to their intrinsic value. Such intrinsic value will be a function of both past performance and future growth prospects. The process of discovering the intrinsic value will be through in-house research, supplemented by research available from other sources. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund. The Fund may underwrite primary issuances of securities subject to the Regulations.

9. Kotak Sensex ETF

SUBJECT	EXISTING FEATURES	PROPOSED FEATURES
Name of Scheme	Kotak Sensex ETF	
Nature of Scheme/ Type of Scheme	An open ended exchange traded fund	An open ended scheme replicating/tracking S&P BSE Sensex Index
Benchmark	S & P BSE Sensex	
Scheme Expenses	Upto 1.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

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

Proposed Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising BSE SENSEX Index*	95% to 100%	Medium to High
Cash and debt/money market instruments	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

Investment Strategy

Existing Features	The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Kotak Sensex ETF endeavours to invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements.
Proposed Features	The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Kotak Sensex ETF endeavours to invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

10. Kotak PSU Bank ETF

SUBJECT	EXISTING	PROPOSED
Name of Scheme	KOTAK PSU Bank ETF	
Nature of Scheme/ Type of Scheme	An open ended exchange traded fund	An open ended scheme replicating/tracking Nifty PSU Bank index
Benchmark	Nifty PSU Bank Index	
Scheme Expenses	Upto 1.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty PSU Bank Index	90% to 100%	Medium to High
Debt and money market instruments	0% to 10%	Low

Proposed Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty PSU Bank Index*	95% to 100%	Medium to High
Cash and debt/money market instruments**	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

**Investment in Debt instruments (for liquidity purpose) will be of less than 1 year residual maturity 23 The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

Investment Strategy

Existing Features	**Risk Control Measures for investment strategy** The Fund would invest not less than 90% of its corpus in stocks comprising the underlying index and endeavor to track the benchmark index. Kotak PSU Bank ETF is an index exchange traded fund and aims to track the benchmark index, i.e. Nifty PSU Bank Index and yield as closely as possible and therefore will follow a passive investment strategy. As the scheme has to track the benchmark index, the scheme will attempt to retain least amount of cash and will also try to avoid investment in debt/money market instruments. The Schemes' performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets. **Risk control measures for investment strategy** The scheme aims to track the Nifty PSU Bank Index as closely as possible post expenses. The index is tracked on a regular basis and changes to the constituents or their weights, if any, are replicated in the underlying portfolio with the purpose of minimizing tracking error. **Risk mitigation measures for portfolio volatility** Being a banking sector focused ETF; the scheme carries higher risk compared to a diversified equity scheme. However the portfolio follows the Nifty PSU Bank Index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Also being passively managed, the scheme carries lesser risk as compared to active fund management. The fund manager would endeavor to keep cash levels at the minimal to control tracking error. **Risk mitigation measures for managing liquidity** The Nifty PSU Bank Index represents about 2.3% of the free float market capitalization of the stocks listed on NSE and 91.1% of the free float market capitalization of the stocks forming part of the PSU Banks sector Universe as on March 31, 2016. Thus the index comprises of the most liquid PSU bank stocks and therefore liquidity issues in the scheme are not envisaged. **Portfolio Turnover** Portfolio Turnover is defined as the aggregate of purchases and sales as a percentage of the corpus during the specified period of time. Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. Kotak PSU Bank ETF is a passively managed exchange traded open-ended index scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Authorised participants and Large Investors. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in Nifty PSU Bank Index
Proposed Features	The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Kotak PSU Bank ETF endeavours to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund. **Risk Control Measures for investment strategy** The Fund would invest not less than 90% of its corpus in stocks comprising the underlying index and endeavor to track the benchmark index. Kotak PSU Bank ETF is an index exchange traded fund and aims to track the benchmark index, i.e. Nifty PSU Bank Index and yield as closely as possible and therefore will follow a passive investment strategy. As the scheme has to track the benchmark index, the scheme will attempt to retain least amount of cash and will also try to avoid investment in debt/money market instruments. The Schemes' performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets. **Risk control measures for investment strategy** The scheme aims to track the Nifty PSU Bank Index as closely as possible post expenses. The index is tracked on a regular basis and changes to the constituents or their weights, if any, are replicated in the underlying portfolio with the purpose of minimizing tracking error. **Risk mitigation measures for portfolio volatility** Being a banking sector focused ETF; the scheme carries higher risk compared to a diversified equity scheme. However the portfolio follows the Nifty PSU Bank Index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Also being passively managed, the scheme carries lesser risk as compared to active fund management. The fund manager would endeavor to keep cash levels at the minimal to control tracking error. **Risk mitigation measures for managing liquidity** The Nifty PSU Bank Index represents about 2.3% of the free float market capitalization of the stocks listed on NSE and 91.1% of the free float market capitalization of the stocks forming part of the PSU Banks sector Universe as on March 31, 2016. Thus the index comprises of the most liquid PSU bank stocks and therefore liquidity issues in the scheme are not envisaged. **Portfolio Turnover** Portfolio Turnover is defined as the aggregate of purchases and sales as a percentage of the corpus during the specified period of time. Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. Kotak PSU Bank ETF is a passively managed exchange traded open-ended index scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Authorised participants and Large Investors. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in Nifty PSU Bank Index

11. Kotak NV 20 ETF

SUBJECT	EXISTING	PROPOSED
Name of Scheme	Kotak NV 20 ETF	
Nature of Scheme/ Type of Scheme	An open ended exchange traded fund	An open ended scheme replicating/tracking Nifty 50 Value 20 index
Benchmark	Nifty 50 Value 20 Index	
Scheme Expenses	Upto 1.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty 50 Value 20 Index*	95% to 100%	Medium to High
Cash and debt/money market instruments**	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain cases like when equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 5% of net assets of the scheme.

**Investment in Debt instruments (for liquidity purpose) will be of less than 1 year residual maturity

The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

The schemes shall also not undertake securities lending, short selling and shall not invest in securitised debt, ADR/GDR and foreign securities

Portfolio Rebalancing

Rebalancing of the Scheme shall also be carried out whenever there is a change in the underlying index or any change due to corporate action with respect to the constituents of the underlying index within 7 days.

Proposed Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty 50 Value 20 Index*	95% to 100%	Medium to High
Cash and debt/money market instruments**	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

**Investment in Debt instruments (for liquidity purpose) will be of less than 1 year residual maturity 23 The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

Any queries/clarifications in this regard may be addressed to: **Kotak Mahindra Asset Management Company Limited** CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 • Phone Number: 022 66056825 • Email: mutual@kotak.com • Website: assetmanagement.kotak.com

11. Kotak NV 20 ETF (contd.)

SUBJECT	
Proposed Features	Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary. **Portfolio Rebalancing:** Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. In case of any deviation, the AMC will achieve a normal asset allocation pattern in a maximum period of 30 days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.
Investment Strategy	
Existing Features	The Fund would invest in stocks comprising the underlying index and track the benchmark index. Kotak NV 20 ETF shall invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. The Fund may also invest in cash and debt/money market instruments, in compliance with Regulations to meet liquidity and expense requirements.
Proposed Features	The Fund would invest in stocks comprising the underlying index and track the benchmark index. Kotak NV 20 ETF shall invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. The Fund may also invest in cash and debt/money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

12. Kotak Nifty ETF

SUBJECT	EXISTING	PROPOSED
Name of Scheme	KOTAK NIFTY ETF	
Nature of Scheme/ Type of Scheme	An open ended exchange traded fund	An open ended scheme replicating/tracking Nifty 50 index
Benchmark	Nifty 50	
Scheme Expenses	Upto 1.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty 50*	90% to 100%	Medium to High
Debt and money market instruments	0% to 10%	Low

* Exposure to equity derivatives of the index itself or its constituent stocks may be undertaken when equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

Proposed Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty 50*	95% to 100%	Medium to High
Cash and debt/money market instruments	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

Investment Strategy

Existing Features	The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Kotak Nifty ETF endeavours to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error.
Proposed Features	The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Kotak Nifty ETF endeavours to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

13. Kotak Gold ETF

SUBJECT	EXISTING	PROPOSED
Name of Scheme	Kotak Gold ETF	
Nature of Scheme/ Type of Scheme	An open ended gold exchange traded fund	An open ended scheme replicating/tracking physical gold prices.
Benchmark	Price of gold	The scheme will benchmark its performance against the imported (landed) price of Gold, based on the formula prescribed by SEBI as per Gazette Notification dated December 20, 2006
Scheme Expenses	Upto 1.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Physical Gold	90% to 100%*	Low to Medium
Debt and money market instruments	0% to 10%	Low

*As the scheme invests 90% to 100% of the net assets into Gold, the scheme will, by and large, be passively managed fund. However, if and when the scheme is permitted to invest in gold related securities including derivatives, the scheme may become actively managed fund.

As per Regulation 43(4) of SEBI (Mutual Fund) Regulations, money collected under any gold exchange traded fund scheme shall be invested only in gold or gold related instruments in accordance with sub regulation (5) of Regulation 44. As per sub-regulation 44(5)(b), the funds of any gold exchange traded fund scheme shall be invested only in gold or gold related instruments in accordance with its investment objective, except to the extent necessary to meet the liquidity requirements for honouring repurchases or redemptions, as disclosed in the offer document. The Scheme will invest in physical gold of the prescribed quality and standard.

The Scheme may retain some part of the cash or may invest in money market and debt instruments under the following conditions in addition to the reasons specified in Regulation 44(5)(b):

- Residual cash after buying gold in multiples of standard quantity in the market
- To meet recurring expenses for a reasonable period
- To meet redemption requirements of Authorised Participants and Large Investors.

Proposed Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Physical Gold	95% to 100%*	Low to Medium
Debt and money market instruments	0% to 5%	Low

*As the scheme invests 95% to 100% of the net assets into Gold, the scheme will, by and large, be passively managed fund. However, if and when the scheme is permitted to invest in gold related securities including derivatives, the scheme may become actively managed fund.

As per Regulation 43(4) of SEBI (Mutual Fund) Regulations, money collected under any gold exchange traded fund scheme shall be invested only in gold or gold related instruments in accordance with sub regulation (5) of Regulation 44. As per sub-regulation 44(5)(b), the funds of any gold exchange traded fund scheme shall be invested only in gold or gold related instruments in accordance with its investment objective, except to the extent necessary to meet the liquidity requirements for honouring repurchases or redemptions, as disclosed in the offer document. The Scheme will invest in physical gold of the prescribed quality and standard.

The Scheme may retain some part of the cash or may invest in money market and debt instruments under the following conditions in addition to the reasons specified in Regulation 44(5)(b):

- Residual cash after buying gold in multiples of standard quantity in the market
- To meet recurring expenses for a reasonable period
- To meet redemption requirements of Authorised Participants and Large Investors.

The scheme may investment in gold monetisation schemes ("GMS") of banks in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time

Investment Strategy

Existing Features	The Fund would invest in gold and endeavor to track the spot price of gold in domestic markets. Kotak Gold ETF will invest all of its funds, except to meet its liquidity requirements, in physical gold and to that extent follows a passive investment strategy.
Proposed Features	The Fund would invest in gold and endeavor to track the spot price of gold in domestic markets. Kotak Gold ETF will invest all of its funds, except to meet its liquidity requirements, in physical gold and to that extent follows a passive investment strategy. However, if and when the scheme is permitted to invest in gold related securities including derivatives, the scheme may become actively managed fund. Till the investments are made in accordance with the investment objective, the scheme may invest in Liquid scheme of Kotak Mahindra Mutual Fund or in liquid schemes under the management of any other asset management company, not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

14. Kotak Banking ETF

SUBJECT	EXISTING	PROPOSED
Name of Scheme	Kotak Banking ETF	
Nature of Scheme/ Type of Scheme	An open ended exchange traded fund	An open ended scheme replicating/tracking Nifty Bank index
Benchmark	Nifty Bank Index	
Scheme Expenses	Upto 1.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty Bank Index*	95% to 100%	Medium to High
Cash and debt/money market instruments**	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be undertaken when equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period. The gross position to such derivatives will be restricted to 5% of net assets of the scheme.

**Investment in Debt instruments (for liquidity purpose) will be of less than 1 year residual maturity

The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

The schemes shall also not undertake securities lending, short selling and shall not invest in securitised debt, ADR/GDR and foreign securities

Portfolio Rebalancing

Rebalancing of the Scheme shall also be carried out whenever there is a change in the underlying index or any change due to corporate action with respect to the constituents of the underlying index within 7 days.

Proposed Features

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty Bank Index*	95% to 100%	Medium to High
Cash and debt/money market instruments**	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

**Investment in Debt instruments (for liquidity purpose) will be of less than 1 year residual maturity 23 The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

Portfolio Rebalancing:

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

Investment Strategy

Existing Features	The Fund would invest in stocks comprising the underlying index and track the benchmark index. Kotak Banking ETF shall invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. The Fund may also invest in cash and debt/money market instruments, in compliance with Regulations to meet liquidity and expense requirements.
Proposed Features	The Fund would invest in stocks comprising the underlying index and track the benchmark index. Kotak Banking ETF shall invest predominantly in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. The Fund may also invest in cash and debt/money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. The scheme may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

15. Kotak World Gold Fund

SUBJECT	EXISTING	PROPOSED
Name of Scheme	Kotak World Gold Fund	
Nature of Scheme/ Type of Scheme	An open ended fund of funds scheme	An open ended fund of fund scheme investing in predominantly in units of Falcon Gold Equity Fund or in other similar overseas mutual fund schemes.
Benchmark	Financial Times Gold Mines Total - Price Index, in USD is the benchmark of Falcon Gold Equity Fund. The above translated to INR using the RBI Reference Rate will be the benchmark of Kotak World Gold Fund.	
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation	Risk Profile
Units of Falcon Gold Equity Fund# &/or other similar overseas mutual fund scheme(s)	80% - 100%	High
Debt and money market securities and/or units of debt/liquid schemes of Domestic Mutual Funds.	0% - 20%	Low to Medium

#Falcon Gold Equity Fund is a mutual fund subject to Swiss law in the "securities funds" category as defined by the Investment Funds Act dated March 18, 1994.

The investment manager may, in line with the investment objectives of the Scheme, alter the above pattern for a short term period on defensive considerations, the intention at all times being to protect the interests of the Unit Holders.

Proposed Features

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

Investments	Indicative Allocation	Risk Profile
Units of Falcon Gold Equity Fund# &/or other similar overseas mutual fund scheme(s)	95% - 100%	High
Debt and money market securities and/or units of debt/liquid schemes of Domestic Mutual Funds.	0% - 5%	Low to Medium

#Falcon Gold Equity Fund is a mutual fund subject to Swiss law in the "securities funds" category as defined by the Investment Funds Act dated March 18, 1994.

The investment manager may, in line with the investment objectives of the Scheme, alter the above pattern for a short term period on defensive considerations, the intention at all times being to protect the interests of the Unit Holders.

16. Kotak Global Emerging Market Fund

SUBJECT	EXISTING	PROPOSED
Name of Scheme	Kotak Global Emerging Market Fund	
Nature of Scheme/ Type of Scheme	An open ended equity scheme	An open ended fund of fund scheme investing in overseas mutual fund schemes investing in global emerging markets.
Benchmark	MSCI Emerging Market Index	
Scheme Expenses	Upto 2.50% as per Regulation 52(6)(c) and additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods & Services Tax (GST) on Management fees. For further details please refer Scheme Information Document (SID).	

Asset Allocation pattern

Existing Features

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

Investments	Indicative Allocation	Risk Profile
Units of Emerging Markets Equity Mutual Fund Schemes *	90% - 100%	High
Debt and Money market Securities **	0% to 10%	Low

*Currently the investments of the scheme are in Units of MGF ASIAN SMALL EQUITY FUND CLASS I and ishares MSCI Emerging Markets ETF

Trustees, at their discretion and in the interest of unitholders, may decide to shift full or part of the investments made in the above schemes to any other overseas emerging markets equity mutual fund scheme, consistent with the investment objective of the scheme.

**Pending deployment of funds the scheme may invest in fixed deposits of scheduled commercial banks as per the guidelines given in SEBI Circular no. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007. Till the investments are made in accordance with the investment objective, the scheme may invest in Liquid/Floater schemes of Kotak Mahindra Mutual Fund, not exceeding the limits specified in Clause 4 of Schedule VII of the Regulations.

The remittance of investment to the underlying scheme will be in foreign currency.

Proposed Features

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

Investments	Indicative Allocation	Risk Profile
Units of Emerging Markets Equity Mutual Fund Schemes*	95%-100%	High
Debt and Money market Securities**	0% to 5%	Low

*Currently the investments of the scheme are in Units of MGF ASIAN SMALL EQUITY FUND CLASS I and ishares MSCI Emerging Markets ETF

Trustees, at their discretion and in the interest of unitholders, may decide to shift full or part of the investments made in the above schemes to any other overseas emerging markets equity mutual fund scheme, consistent with the investment objective of the scheme.

**Pending deployment of funds the scheme may invest in fixed deposits of scheduled commercial banks as per the guidelines given in SEBI Circular no. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007. Till the investments are made in accordance with the investment objective, the scheme may invest in Liquid/Floater schemes of Kotak Mahindra Mutual Fund, not exceeding the limits specified in Clause 4 of Schedule VII of the Regulations.

The remittance of investment to the underlying scheme will be in foreign currency.

NOTICE-CUM-ADDENDUM

kotak Mutual Fund

Any queries/clarifications in this regard may be addressed to: **Kotak Mahindra Asset Management Company Limited** CIN: U65991MH1994PLC080009 (Investment Manager for Kotak Mahindra Mutual Fund)
6th Floor, Kotak Towers, Building No. 21, Infinity Park, Off: Western Express Highway, Goregaon - Mulund Link Road, Malad (East), Mumbai - 400097 ● Phone Number: 022 66056825 ● Email: mutual@kotak.com ● Website: assetmanagement.kotak.com

In addition to above changes, the following shall be included in the Scheme Information Document of the schemes as mentioned below under the heading "Applicability":

Applicability:

- **Investment in Derivatives-Interest Rate Futures (IRFs) (both perfectly and imperfectly hedged) and Risk factors associated with Imperfect Hedging:**
  Applicable to Kotak Infrastructure & Economic Reform Fund, Kotak Mahindra 50 Unit Scheme (to be renamed as Kotak Bluechip Fund), Kotak Balance (to be renamed as Kotak Equity Hybrid), Kotak Emerging Equity Scheme, Kotak Equity Savings Fund, Kotak Midcap Scheme (to be renamed as Kotak Smallcap Fund), Kotak Select Focus Fund(to be renamed as Kotak Standard Multicap Fund) andKotak Monthly Income Plan (to be renamed as Kotak Debt Hybrid).
- **Investment in Foreign securities including ADR/GDR of Indian or foreign Companies and Risk Factors Associated with investing in Foreign securities:**
  Applicable to Kotak Infrastructure & Economic Reform Fund, Kotak Mahindra 50 Unit Scheme (to be renamed as Kotak Bluechip Fund), Kotak Balance (to be renamed as Kotak Equity Hybrid), Kotak Emerging Equity Scheme, Kotak Equity Savings Fund, Kotak Midcap Scheme(to be renamed as Kotak Smallcap Fund), Kotak Select Focus Fund (to be renamed as Kotak Standard Multicap Fund) andKotak Monthly Income Plan (to be renamed as Kotak Debt Hybrid).
- **Investment in units of Real Estate Investment Trust ('REIT') & Infrastructure Investment Trust ('InvIT') and Risk factors associated with REITS/InvITs:**
  Applicable to KotakInfrastructure & Economic Reform Fund, Kotak Mahindra 50 Unit Scheme (to be renamed as Kotak Bluechip Fund), Kotak Emerging Equity Scheme, Kotak Midcap Scheme (to be renamed as Kotak Smallcap Fund), Kotak Select Focus Fund (to be renamed as Kotak Standard Multicap Fund).
- **Securitised Debt, not including foreign securitised debt and Risks associated with Securitised Debt:**
  Applicable to KotakInfrastructure & Economic Reform Fund, Kotak Equity Savings Fund andKotak Midcap Scheme (to be renamed as Kotak Smallcap Fund)\
- **Potential Loss associated with Securities Lending:**
  Applicable to Kotak Monthly Income Plan (to be renamed as Kotak Debt Hybrid), Kotak Equity Savings Fund, Kotak Select Focus Fund (to be renamed as Kotak Standard Multicap Fund), Kotak Banking ETF, KOTAK NIFTY ETF, Kotak NV 20 ETF, KOTAK PSU Bank ETF, KOTAK Sensex ETF.
- **Risk of investing in Gold Monetization Scheme (GMS):**
  Kotak Gold ETF

Detailed applicability is as under:

1. **Where will the scheme invest?**
   - Derivatives-Interest Rate Futures (IRFs) (both perfectly and imperfectly hedged).
   - Foreign securities including ADR/GDR of Indian or foreign Companies
   - Investment in units of Real Estate Investment Trust ('REIT') & Infrastructure Investment Trust ('InvIT').
   - Securitised Debt, not including foreign securitised debt.
2. **Investment in Derivatives- Interest Rate Futures (IRFs) (both perfectly and imperfectly hedged):**
   To reduce interest rate risk in a debt portfolio, scheme may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

$$\frac{\text{(Portfolio Modified Duration*Market Value of the Portfolio)}}{\text{(Futures Modified Duration*Futures price/PAR)}}$$

   In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.
   Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the scheme, subject to the following:
   a) Exposure to IRFs is created ***only for hedging*** the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.
   b) The scheme is permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio *(excluding the hedged portions, if any)* and the IRF is atleast 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Para 3 of SEBI circular dated August 18, 2010. The correlation should be calculated for a period of last 90 days.
   Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:
   i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or
   ii. The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.
   c) At no point of time, the net modified duration of part of the portfolio being hedged should be negative.
   d) The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Para 3 of SEBI circular dated August 18, 2010.
   The basic characteristics of the scheme will not be affected by hedging the portfolio or part of the portfolio (including one or more securities) based on the weighted average modified duration.
   The interest rate hedging of the portfolio will be in the interest of the investors.
3. **Investment in Foreign Securities**
   The Scheme may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, commensurate with the Scheme objectives and subject to the provisions of SEBI Circular No. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 as may be amended from time to time and any other requirements as may be stipulated by SEBI/RBI from time to time
   The Scheme may, in terms of its investment objectives with the approval of SEBI/RBI invest in following Foreign Securities:
   i. ADRs/GDRs issued by Indian or foreign companies
   ii. Equity of overseas companies listed on recognized stock exchanges overseas
   iii. Initial and follow on public offerings for listing at recognized stock exchanges overseas
   iv. Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
   v. Money market instruments rated not below investment grade
   vi. Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds
   vii. Government securities where the countries are rated not below investment grade
   viii. Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
   ix. Short term deposits with banks overseas where the issuer is rated not below investment grade
   x. Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in
   (a) aforesaid securities,
   (b) Real Estate
   Investment Trusts (REITs) listed in recognized stock exchanges overseas or
   (c) unlisted overseas securities (not exceeding 10% of their net assets).
   Mutual funds can make overseas investments [as stated in point (i) to (x) above] subject to a maximum of US $300 million (limit per mutual fund subject to overall limit of US $7 billion) or such limits as may be prescribed by SEBI from time to time.
   The Mutual Fund may, where necessary appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses as stated under Regulation 52 of SEBI (MF) Regulations.
   Name of Dedicated Fund Manager for Investment in Foreign Securities: Mr. Arjun Khanna
4. **Investment restrictions w.r.t. REITs and InvITS**
   a) The Mutual Fund under all its schemes shall not own more than 10% of units issued by a single issuer of REIT and InvIT.
   b) The Scheme shall not invest more than 10% of its NAV in the units of REITs and InvITs.
   c) The Scheme shall not invest more than 5% of its NAV in the units of REITs and InvITs issued by a single issuer.
5. **Risk factors associated with Imperfect Hedging:**
   Holders of the GOI securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts. However there is a possibility that the hedge may be an imperfect.
   - Potential loss associated with imperfect hedge using IRFs - While using such strategy may reduce interest rate risk caused by rise in interest rates, it also restricts the profit in case interest rates decline.
   - Liquidity Risk - Liquidity risk pertains to how saleable a security is in the market. IRFs used for the purpose of hedging may not have adequate liquidity which may impact returns while exiting opportunities.

   Example:
   Date: 09/06/2017
   Spot price of 7.61% GOI 2030 Security: ₹ 106.50
   Futures price of IRF Contract 6.79 G GOI 2027: ₹ 101.45
   On 09/06/2017 XYZ bought 2000 GOI securities from spot market at ₹ 106.50. He anticipates that the interest rate will rise in near future. Therefore to hedge the exposure in underlying market he may sell July 2017 Interest Rate Futures contracts at ₹ 101.45
   On 24/07/2017 due to steepening of curve the more than 10 year yield went up while the benchmark 10 year yields came down:
   Spot price of GOI Security: ₹ 106.03
   Futures Price of IRF Contract: ₹ 102.06
   Loss in underlying market will be (106.50-106.03)*2000 = ₹ 940
   Profit in the Futures market will be (101.45-102.06)*2000 = ₹ 1220
   Therefore there is a loss in both trades leading to more risk while trying to hedge the risk.
   Imperfect hedge will not be undertaken where the correlation of last 90 day price movement is less than .90 as per SEBI regulation.
6. **Risk Factors Associated with investing in Foreign securities:**
   Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.
   It is the AMC's belief that investment in foreign securities offer new investment and portfolio diversification opportunities into multimarket and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme may invest only partially in overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated under the Regulations or by the RBI from time to time.
   Overseas investments will be made subject to any/all approvals, conditions thereof as may be stipulated under the Regulations or by RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.
   To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
7. **Potential Loss associated with Securities Lending:**
   In the case of securities lending the additional risk is that there can be temporary illiquidity of the securities that are lent out and the Fund may not be able to sell such lent-out securities, resulting in an opportunity loss. In case of a default by counterparty, the loss to the Fund can be equivalent to the securities lent.
8. **Risk factors associated with REITS/InvITs:**
   - **Market Risk** - Units of REITS & InvITs are subject to market and other risks. The value of these units can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, government policy and volatility in the capital markets
   - **Liquidity Risk** - Liquidity in units of REITs & InvITs may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the Scheme's ability to make intended purchases/sales, cause potential losses to the Scheme and result in the Scheme missing certain investment opportunities. These factors can also affect the time taken by Kotak Mahindra Mutual Fund for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very large value redemption requests. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information. REITs and InvITs currently only have a nascent primary market. As such, in absence of the secondary market, the invested units cannot be redeemed except where the issuer is offering a buyback or delisting the units.
   - **Re-investment Risk** - Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently the proceeds may get invested at a lower rate
   - **Performance Risk** - InvITs and REITS carry a performance risk by way of repayment of principal or of interest by the borrower. REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

   The above are some of the common risks associated with investments in REITs & InvITs. There can be no assurance that a Scheme's investment objectives will be achieved, or that there will be no loss of capital.
9. **Risks associated with Securitised Debt:**
   The Scheme may from time to time invest in domestic securitised debt, for instance, in asset backed securities (ABS) or mortgage backed securities (MBS). Typically, investments in securitised debt carry credit risk (where credit losses in the underlying pool exceed credit enhancement provided, (if any) and the reinvestment risk (which is higher as compared to the normal corporate or sovereign debt). The underlying assets in securitised debt are receivables arising from automobile loans, personal loans, loans against consumer durables, loans backed by mortgage of residential/commercial properties, underlying single loans etc.
   ABS/MBS instruments reflect the proportionate undivided beneficial interest in the pool of loans and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. Investments in securitised debt is largely guided by following factors:
   - Attractive yields i.e. where securitised papers offer better yields as compared to the other debt papers and also considering the risk profile of the securitised papers.
   - Diversification of the portfolio
   - Better performance

   Broadly following types of loans are securitised:
   a. **Auto Loans**
   The underlying assets (cars etc.) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.
   These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.
   Commercial vehicle loans are susceptible to the cyclicality in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.
   b. **Housing Loans**
   Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.
   c. **Consumer Durable Loans**
   - The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
   - The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

   d. **Personal Loans**
   These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money.
   Further, all the above categories of loans have the following common risks:
   - All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.
   - In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.
   - In retail loans, the risks due to frauds are high.

   e. **Single Loan PTC**
   A single loan PTC is a securitization transaction in which a loan given by an originator (Bank/NBFC/FI etc.) to a single entity (obligor) is converted into pass through certificates and sold to investors. The transaction involves the assignment of the loan and the underlying receivables by the originator to a trust, which funds the purchase by issuing PTCs to investors at the discounted value of the receivables. The PTCs are rated by a rating agency, which is based on the financial strength of the obligor alone, as the PTCs have no recourse to the originator.
   The advantage of a single loan PTC is that the rating represents the credit risk of a single entity (the obligor) and is hence easy to understand and track over the tenure of the PTC. The primary risk is that of all securitized instruments, which are not traded as often in the secondary market and hence carry an illiquidity risk. The structure involves an assignment of the loan by the originator to the trustee who then has no interest in monitoring the credit quality of the originator. The originator that is most often a bank is in the best position to monitor the credit quality of the originator. The investor then has to rely on an external rating agency to monitor the PTC. Since the AMC relies on the documentation provided by the originator, there is a risk to the extent of the underlying documentation between the seller and underlying borrower.
10. **Risk of investing in Gold Monetization Scheme (GMS) (Applicable only to Kotak Gold ETF)**
   Kotak Gold ETF shall, as permitted by SEBI, invest a part of its pool of physical gold assets in Gold Monetisation Scheme run by Banks. Under the GMS, Kotak Gold ETF will deposit its physical gold assets as principal with the Banks which offer such facility ("the issuer"). A situation could arise where the issuer is unable to return the principal physical gold to Kotak Gold ETF upon maturity or in case of an early redemption. Such inability to return physical gold could arise on account of liquidity problems or general financial health of the issuer. A default by the issuer under a GMS may result in losses to the Unit holders. GMS being an unlisted and non-transferrable security can be Redeemed only with the issuer and hence, is subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk). Credit Risk means that the issuer of a Security may default on interest payments or even paying back the principal amount on maturity (i.e. the issuer may be unable to make timely principal and interest payments on the Security) which may result in losses to the Unitholders.
11. **Fees and Expenses (applicable to all the schemes)**
   Clause 4 of Seventh Schedule to SEBI (Mutual Funds) Regulations, 1996 which restricts investments in mutual fund units upto 5% of net assets and prohibits charging of fees, shall not be applicable to investments in mutual funds in foreign countries made in accordance with guidelines as per SEBI circular no. SEBI/IMD/CIR No.7/104753/07 dated September 20, 2007. However, the management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the overseas mutual fund(s), the same principle shall be applicable for that part of investment.
   It may be noted that there were no NPAs and illiquid assets in the net assets of the aforesaid schemes as on February 28, 2018. The details of unclaimed dividend and redemptions and performance of aforesaid schemes are provided in the letter to unit holders of respective schemes. The detailed explanation on revision in the scheme features are also explained in letter to unit holders of the scheme. The letter to unitholders is being sent separately.
   All other terms and conditions of the Scheme will remain unchanged.
   The changes proposed in the SID & KIM of the Scheme amounts to changes in the fundamental attributes of the Scheme. Hence, in accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing unit holders under the Scheme are given an option to exit the Scheme at the applicable Net Asset Value without any exit load on such redemption for a period of 30 days i.e. between April 25, 2018 and May 24, 2018. The above change in the fundamental attribute of the Scheme is effective from May 25, 2018.
   Redemption requests, if any, may be lodged at any of the Official Point of Acceptance of Kotak Mahindra Mutual Fund on or before 3.00 pm on any business day during the exit period. In case of units held in demat form, units can be redeemed on or before 3.00 pm on any business day during the exit period through MFSS/BStar or through depository participants. Unit holders who have changed their bank accounts are requested to inform the same to AMC (along with a cancelled cheque leaf of old and new bank account) while exercising the option to exit. The redemption proceeds will be mailed/credited within 10 business days of receipt of valid redemption request to those unit holders who choose to exercise their exit option (at NAV applicable on date of redemption). In addition, unit holders who have pledged their units will not have the option to exit unless they procure a release of their pledges prior to submitting their redemptions. Unit holders may note that no action is required in case they are in agreement with the aforesaid proposal, which shall be deemed as staying invested in the scheme. This offer to exit is merely an option and is not compulsory.

For ETF Schemes

ETFs are no load schemes and are listed and traded on the exchange. Unit holders wishing to exit can sell their units directly on the exchange and receive their sale proceeds as per the mechanism of the exchange. Additionally unit holders can also redeem their units directly with Kotak MF only through their Depository Participant (DP) in creation unit size as provided in the SID for Large Investors.

Redemption/switch-out transaction in the Scheme may entail tax consequences. In view of the same, Unit Holders are advised to consult his or her own tax advisor before submitting the request. Unit holders may also refer to the SID of respective scheme for understanding applicable Taxation provisions.

Apart from the aforesaid schemes, following are the existing open ended schemes of Kotak Mahindra Mutual Fund, wherein only type of scheme is proposed to be changed in line with the SEBI circular dated October 6, 2017 with effect from May 25, 2018:

Sr. No.	Name of the Scheme	Existing Type of Scheme	Proposed Type of Scheme
1	Kotak Tax Saver	Open ended equity linked savings scheme	An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit
2	Kotak Equity Arbitrage Scheme	Open Ended Equity Growth Scheme	An open ended scheme investing in arbitrage opportunities
3	Kotak US Equity Fund	Open ended fund of funds scheme investing overseas	An open ended fund of fund scheme investing in units of funds that invests predominantly in companies having assets, products or operations in the United States.
4	Kotak Gold Fund	Open ended Fund of Funds Scheme	An open ended fund of fund scheme investing in in units of Kotak Gold Exchange Traded Fund.

This addendum forms an integral part of Scheme Information Document (SID), Statement of Additional Information (SAI) and Key Information Memorandum (KIM) of the respective schemes.

For Kotak Mahindra Asset Management Company Limited
Investment Manager - Kotak Mahindra Mutual Fund

Sd/-
Nilesh Shah — **Mumbai**
Managing Director — **April 23, 2018**

Any queries/clarifications in this regard may be addressed to:
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CIN: U65991MH1994PLC080009
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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.