

# SCHEME INFORMATION DOCUMENT

## DSP BlackRock Micro Cap Fund

Open Ended Equity Growth Scheme

Offer of Units at NAV based prices

Name of Mutual Fund : DSP BlackRock Mutual Fund  
Name of Asset Management Company : DSP BlackRock Investment Managers Private Limited  
Name of Trustee Company : DSP BlackRock Trustee Company Private Limited  
Addresses of the entities : Tulsiani Chambers, West Wing, 11<sup>th</sup> Floor, Nariman Point, Mumbai 400 021  
Website : [www.dspblackrock.com](http://www.dspblackrock.com)

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

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

For details of DSP BlackRock Mutual Fund, tax and legal issues and general information, investors are advised to refer to the Statement of Additional Information (SAI) available on [www.dspblackrock.com](http://www.dspblackrock.com).

SAI is incorporated by reference (is legally a part of the SID). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website, [www.dspblackrock.com](http://www.dspblackrock.com).

The SID should be read in conjunction with the SAI and not in isolation.

This SID is dated May 31, 2010

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## SECTION I - HIGHLIGHTS/SUMMARY OF THE SCHEME

Investment Objective	The primary investment objective is to seek to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities, which are not part of the top 300 companies by market capitalization. From time to time, the Investment Manager will also seek participation in other equity and equity related securities to achieve optimal portfolio construction. This shall be the fundamental attribute of the Scheme.
Benchmark Index	BSE Small Cap Index
Plans & Options	Plans - Regular & Institutional Options - Only Growth option is available under both Plans
Minimum Application Amount	Regular Plan - Rs. 10,000/- and multiples of Re. 1/- thereafter Institutional Plan - Rs. 5 crore and multiples of Re. 1/- thereafter
Minimum Application Amount (For additional/subsequent purchase)	Regular Plan - Rs. 1,000/- and multiples of Re. 1/- thereafter Institutional Plan - Rs. 5 Lakh and multiples of Re. 1/- thereafter
Minimum installment for SIP, SWP & STP	Rs. 1,000/- Note: SIP is available only in the Regular Plan of the Scheme.
Entry Load	Nil
Exit Load (As a % of Applicable NAV) (Both Plans)	For holding period from the date of allotment: < 12 months: 1.00% >= 12 months: Nil
Liquidity	The Scheme will offer for subscription/switch-in and redemption/switch-out of Units, at NAV based prices on every Business Day. The Mutual Fund will endeavor to despatch redemption proceeds within 10 working days from the date of acceptance of redemption request.
Transparency/NAV Disclosure	NAV will be determined for every Business Day, except in special circumstances described under 'Suspension of Sale and Redemption of Units' in the SAI. Also, full portfolio of the Scheme in the prescribed format will be disclosed by publishing in the newspapers or by sending to the Unit Holders within 1 month from the end of each half-year. The portfolio will also be displayed on the website of the Mutual Fund.

Note: Switch facility and the facility of SIP/SWP/STP are currently not available for transactions carried out through the stock exchange mechanism.

## SECTION II - DEFINITIONS

Applicable NAV	The NAV applicable for purchase and redemption based on the time of the Business Day on which the subscription/redemption request is accepted.
AMC or Investment Manager or DSPBRIM	DSP BlackRock Investment Managers Pvt. Ltd., the asset management company, set up under the Companies Act 1956, and authorized by SEBI to act as the asset management company to the schemes of DSP BlackRock Mutual Fund.
Business Day	A day other than (i) Saturday and Sunday, (ii) a day on which the National Stock Exchange is closed, (iii) a day on which the sale and redemption of Units is suspended.
Custodian	Citibank N. A. , Mumbai branch, acting as a custodian to the Scheme, or any other Custodian who is approved by the Trustee.
DSPBRMCF	DSP BlackRock Micro Cap Fund
Depository	A Depository as defined in the Depositories Act, 1996 and includes National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).
Depository Participant (DP)	Depository Participant (DP) is an agent of the Depository who acts like an intermediary between the Depository and the investors. DP is an entity who is registered with SEBI to offer depository-related services.
Entry Load	Load on purchase of Units
Exit Load	Load on redemption of Units
FII	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Investment Management Agreement	The Agreement dated December 16, 1996 entered into between DSP BlackRock Trustee Company Private Limited and DSP BlackRock Investment Managers Pvt. Ltd., as amended from time to time.
NAV	Net Asset Value of the Units of the Scheme (and Plans and Options, if any, therein) calculated in the manner provided in this SID or as may be prescribed by the SEBI (MF) Regulations, from time to time.
Non Business Day	A day other than a Business Day.
RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934
Offer Document	This Scheme Information Document and Statement of Additional Information (collectively).
Registrar	Computer Age Management Services Private Ltd.
Scheme Information Document/SID	This document issued by DSP BlackRock Mutual Fund, offering Units of DSP BlackRock Micro Cap Fund for subscription.
Statement of Additional Information/SAI	A document containing details of the Mutual Fund, its constitution, and certain tax, legal and general information and legally forming a part of the SID.
Scheme/The Scheme	DSP BlackRock Micro Cap Fund (DSPBRMCF)
SEBI	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
Sponsors	DSP ADIKO Holdings Pvt. Ltd. & DSP HMK Holdings Pvt. Ltd. (Collectively) and BlackRock Inc.

<b>Stock exchange mechanism/trading platforms</b>	MFSS (platform offered by NSE), BSE StAR MF (platform offered by BSE) or any other recognized stock exchange trading platform, with whom the AMC registers itself to facilitate transactions in mutual fund units.
<b>Mutual Fund</b>	DSP BlackRock Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882, and registered with SEBI vide Registration No. MF/036/97/7.
<b>Trustee</b>	DSP BlackRock Trustee Company Private Limited (previously known as DSP Merrill Lynch Trustee Company Private Limited), a company set up under the Companies Act, 1956 and approved by SEBI to act as the Trustee to the schemes of DSP BlackRock Mutual Fund.
<b>Unit</b>	The interest of an investor which consists of one undivided share in the Unit Capital of the relevant Option under the Scheme.
<b>Unit Holder</b>	A participant/holder of Units in the Scheme offered under this SID.

## SECTION III - ABBREVIATIONS & INTERPRETATIONS

In this SID, the following abbreviations have been used:

AMFI:	Association of Mutual Funds in India	NFO:	New Fund Offer
AML:	Anti-Money Laundering	NRI:	Non-Resident Indian
BSE	Bombay Stock Exchange of India Ltd.	NEFT:	National Electronic Funds Transfer
BSE StAR MF	BSE Stock Exchange Platform for Allotment and Repurchase of Mutual Funds	NRE:	Non Resident External
CAMS:	Computer Age Management Services Private Limited	NSE:	National Stock Exchange
CDSL:	Central Depository Services (India) Limited	NRO:	Non Resident Ordinary
CBLO:	Collateralised Borrowing and Lending Obligation	NSDL:	National Securities Depository Limited
DFI:	Development Financial Institutions	PIO:	Person of Indian Origin
ECS:	Electronic Clearing System	PMLA:	Prevention of Money Laundering Act, 2002
EFT:	Electronic Funds Transfer	POS:	Points of Service
FII:	Foreign Institutional Investor	PSU:	Public Sector Undertaking
FIRC:	Foreign Inward Remittance Certificate	RBI:	Reserve Bank of India
FOF:	Fund of Funds	RTGS:	Real Time Gross Settlement
HUF:	Hindu Undivided Family	SEBI:	Securities and Exchange Board of India
IMA:	Investment Management Agreement	SI:	Standing Instructions
ISC:	Investor Service Centre	SIP:	Systematic Investment Plan
KYC:	Know Your Customer	SWP:	Systematic Withdrawal Plan
NAV:	Net Asset Value	STP:	Systematic Transfer Plan
MFSS	Mutual Fund Service System	STT:	Securities Transaction Tax

### INTERPRETATION

For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to "US\$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "Crore" means "ten million" and a "Lakh" means a "hundred thousand".
- References to times of day (i.e. a.m. or p.m.) are to Mumbai (India) times and references to a day are to a calendar day including non-Business Day.

## SECTION IV - INTRODUCTION

### A. Risk Factors

#### 1. Standard Risk Factors

- Investment in mutual fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk, including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invest fluctuates, the value of the investor's investment in the Scheme may go up or down. In addition to the factors that affect the value of individual securities, the NAV of the Scheme can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by them towards setting up the Mutual Fund.
- The Scheme is not a guaranteed or assured return Scheme.

#### 2. Scheme Specific Risk Factors

- (i) Market Liquidity Risk:** The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are un-invested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. By the same token, the inability to sell securities held in the Scheme's portfolios, due to the absence of a well developed and liquid secondary market for debt securities, could result, at times, in potential losses to the Scheme, should there be a subsequent decline in the value of the securities held in the Scheme's portfolios.
- (ii) Liquidity Risk on account of unlisted securities:** The liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.
- (iii) Credit Risk & Market Risk:** Corporate debt securities are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The Investment Manager will endeavour to manage credit risk through in-house credit analysis. The Scheme may also use various hedging products from time to time, as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Scheme's portfolio.
- (iv) Term Structure of Interest Rates (TSIR) Risk:** The NAV of the Scheme's Units, to the extent that the Scheme is invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline.
- (v) Credit Rating Risk:** Different types of securities in which the Scheme will invest as given in the SID carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated.

**3. Risk factor associated with Equity Oriented Schemes:** In the event that investible funds of more than 65% of the total proceeds in the Scheme are not invested in equity shares of domestic companies, the tax exemption on income distribution will not be available to the Unit Holders.

**4. Risk factors associated with Equity Investments in micro capitalization companies:** Investing in micro capitalisation companies, is based on the premise that relatively small companies will increase their earnings and grow into larger, more valuable companies. However, as with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. Historically, micro capitalisation stocks have experienced greater volatility than other equity asset classes, and they may be less liquid than larger capitalization stocks. Thus, relative to larger, more liquid stocks, investing in micro capitalization stocks, involves potentially greater volatility and risk. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

**5. Risk factors associated with trading in derivatives:** As and when the Scheme trades in derivative products, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to: (a) Credit Risk - For exchange traded derivatives, the risk is mitigated as the exchange provides a guaranteed settlement but one takes the performance risk on the exchange. (b) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices. (c) Model Risk, the risk of mis-pricing or improper valuation of derivatives. (d) Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

#### **Risks associated with the various derivative strategies**

##### **(i) Reverse Arbitrage:**

Although the endeavour of the Investment Manager is to create reverse arbitrage positions, which reduces the holding cost of the captioned security, there are some risks associated with this strategy:

(a) Model Risk, the risk of mis-pricing or improper valuation of derivatives.

(b) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.

(c) Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged.

(d) Trade Execution Risk, where the final execution price is different from the screen price leading to dilution in the spreads and hence impacting the profitability of the reverse arbitrage strategy.

##### **(ii) Arbitrage:**

Although the endeavour of the Investment Manager is to create arbitrage positions, which create market neutral positions and lead to yield enhancement for the portfolio as a whole, there are some risks associated with this strategy:

(a) Model Risk, the risk of mis-pricing or improper valuation of derivatives.

- (b) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- (c) Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged.
- (d) Trade Execution Risk, where the final execution price is different from the screen price leading to dilution in the spreads and hence impacting the profitability of the reverse arbitrage strategy.

**(iii) Covered Call Writing:**

Although the endeavour of the Investment Manager is to write calls on already long cash equities positions on single stocks and/ or indices as a representation of portfolio beta (market risk), there are some risks associated with this strategy:

- (a) Model Risk, the risk of mis-pricing or improper valuation of derivatives.
- (b) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- (c) Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. This is important if covered call writing is done with index futures, when the actual performance impact on the portfolio can be different to that of the index.
- (d) Trade Execution Risk, where the final execution price is different from the screen price leading to dilution in the spreads and hence impacting the profitability of the reverse arbitrage strategy.

**(iv) Portfolio Hedging:**

Although the endeavour of the Investment Manager is to use index futures for portfolio hedging to participate in the market (buy Index Futures) or reduce market risk (sell Index Futures), there are some risks associated with this strategy:

- (a) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- (b) Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged. This is important with index futures, when the actual performance impact on the portfolio can be different to that of the index.
- (c) Trade Execution Risk, where the final execution price is different from the screen price leading to dilution in the spreads and hence impacting the profitability of the reverse arbitrage strategy.

**6. Risk factors associated with Overseas Investments:** Subject to necessary approvals and within its investment objective, the Scheme may invest in overseas markets which carry a risk on account of fluctuations in foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currency, 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 investments.

**7. Risk associated with Stock Lending:** Risks associated with stock lending may include counter party risk, liquidity risk and other market risks.

**8. Risks associated with transaction in Units through Stock Exchange mechanism:** In respect of transactions in Units of the Scheme through NSE and/or BSE or any other recognized stock exchange, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by NSE, BSE or such other exchange and their respective clearing corporations on which the Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by NSE, BSE or such other recognized exchange in this regard.

**B. RISK MANAGEMENT STRATEGIES**

- **Market Liquidity Risk and investment in unlisted securities:** The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. Upto 35% of the portfolio could be invested in securities, which have high market liquidity. These would be investments, which are amongst the top 300 companies by market capitalization. Our internal fund manager guidelines have limits for liquidity at the aggregate portfolio level. During the portfolio construction stage the weight assigned to a specific equity security is also a function of the market liquidity of the security. Market Liquidity Risk will be managed actively within the portfolio liquidity limits. The first access to liquidity is through cash and fixed income securities. The investment in unlisted securities will be minimal and regularly monitored by the risk management team.
- **Credit Risk & Market Risk associated with Fixed Income securities** will be managed by making investments for cash management purposes, in very short duration fixed income securities (including Collateralised Borrowing & Lending Obligation, also known as CBLO), which have high credit quality and are preferably rated P1+ or equivalent by rating agencies like CRISIL, ICRA or Fitch.
- **Term Structure of Interest Rates (TSIR) Risk** will be managed by making investments for cash management purposes, in very short duration fixed income securities (including Collateralised Borrowing & Lending Obligation, also known as CBLO), which have low probability of negative returns on account of increase in interest rates.
- **Credit Rating Risk:** As the endeavour is to invest in very short duration fixed income securities (including Collateralised Borrowing & Lending Obligation, also known as CBLO), which have high credit quality and are preferably rated P1+ or equivalent by rating agencies, the probability of rating downgrade is low. The due diligence performed by the risk management team before assigning credit limits should mitigate company-specific issues.
- **Risk associated with Equity Oriented Schemes** is mitigated as there is a regular monitoring of equity exposure of each of the equity oriented Schemes of the Fund. This is also part of the internal fund manager guidelines.
- **Risk factors associated with Equity Investments in micro capitalization companies:** This is the primary risk in the Scheme as at least 65% of the NAV will be invested in companies, which are outside the top 300 companies by market capitalization. The Investment Manager endeavours to invest in companies, where adequate due diligence has been performed by the Investment Manager. As these companies are predominantly not in the research coverage by third party research companies, the Investment Manager relies on its own research. This involves one to one meetings with the management of companies, attending conferences and analyst meets and also tele-conferences. The company-wise analysis will focus, amongst others, on the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know-how and transparency in corporate governance.
- **Risk associated with Stock Lending:** At present, there is no significant activity in the Securities Borrowing and Lending market. The Fund has so far not participated in Securities Lending market. However, we understand the risks associated with the securities lending business and the AMC will have appropriate controls (including limits) before initiating any such transactions.
- **Risk associated with Equity Derivatives:** Equity derivatives have been used actively and we envisage this Scheme will also use equity derivatives, both for directional (including equitisation of cash) and yield enhancement strategies. The credit risk associated with equity derivatives is defeased as only exchange traded equity derivatives are permitted. On the performance, portfolio and regulatory limits, there is an established daily monitoring process. As limits could be breached because of changes in the open interest, which is a function of market-wide activity and not specific to the Scheme and are not in control, there are hard and soft limits. Any breach beyond the soft limit is immediately rectified and brought within the limit specified.

- **Risks Associated With Overseas Investments:** The portfolio is predominantly in INR denominated securities. Should there be investments in ADRs/GDRs of Indian companies or foreign securities, the investment process of the fund manager will ensure that a comprehensive company specific due diligence is performed.

#### C. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEMES

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan. These conditions shall be complied with, in each calendar quarter on an average basis, as specified by SEBI. In case of non-fulfillment of the condition of 20 investors in a calendar quarter, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations shall become applicable automatically without any reference from SEBI, and accordingly the Scheme/Plan shall be wound up and the units redeemed at the relevant applicable NAV. If there is a breach of the 25% limit by an investor over the quarter, a rebalancing period of one month would be available and thereafter, the investor who is in breach of the rule, shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption on the applicable Net Asset Value on the 15<sup>th</sup> day of the notice period.

#### D. SPECIAL CONSIDERATIONS

- Subject to SEBI (MF) Regulations, funds managed by the affiliates/associates of the Sponsor may invest either directly or indirectly in the Scheme and may acquire a substantial portion of the Scheme's Units and collectively constitute a majority investor in the Scheme. Accordingly, redemption of Units held by such funds may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption and may impact the ability of other Unit Holders to redeem their respective Units.
- The time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme's portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit redemptions under certain circumstances.
- Neither this SID and the SAI, nor the Units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance of any registration or other legal requirements.
- Investment decisions made by the Investment Manager may not always be profitable.
- The Mutual Fund/AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of Units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this SID as the same have not been authorized by the Mutual Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- **Suspicious Transaction Reporting:** If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to competent authorities under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unit Holder/any other person.

Investors are urged to study the terms of the offer carefully before investing in the Scheme, and to retain this SID and the SAI for future reference.

#### E. DUE DILIGENCE BY THE AMC

It is confirmed that:

- The draft SID forwarded to SEBI is in accordance with the SEBI (MF) Regulations, and the guidelines and directives issued by SEBI from time to time.
- All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- The disclosures made in the SID are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed Scheme.
- The intermediaries named in the SID and SAI are registered with SEBI and their registration is valid, as on date.

Place: Mumbai  
Date : April 19, 2010

Signed : Sd/-  
Name : Ramamoorthy Rajagopal  
(Compliance Officer)

Note: The aforesaid Due Diligence Certificate was submitted to the Securities and Exchange Board of India.

## SECTION V - INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

An Open ended diversified Equity Growth Scheme.

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The primary investment objective is to seek to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities which are not part of the top 300 companies by market capitalization. From time to time, the Investment Manager will also seek participation in other equity and equity related securities to achieve optimal portfolio construction. This shall be the fundamental attribute of the Scheme. Equity related securities include, but are not limited to, fully convertible debentures, partly convertible debentures, optionally convertible debentures, unlisted securities, convertible preference shares, initial public offerings, private placements and warrants converting into equity securities. The Scheme may also invest a certain portion of its corpus in debt and money market securities while waiting for expected investment opportunities. Investments in debt and money market securities will also be used to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the Scheme will be realized.

### C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, it is anticipated that the asset allocation will be as follows:

Asset Category	Exposure		Risk Profile
	Minimum	Maximum	
1. (a) Equity and equity related securities which are not part of the top 300 stocks by market capitalization	65%	100%	High
1. (b) Equity and equity related securities which are in the top 300 stocks by market capitalization	0%	35%	High
of 1 (a) & (b) above, investments in ADRs, GDRs and foreign securities	0%	25%	High
2. Debt* and Money Market Securities	0%	35%	Low to Medium

\*Debt instruments may include securitised debt upto 10% of the net assets of the Scheme.

The AMC retains the option to alter the asset allocation so that the percentage of the Scheme's corpus invested in "securities, which are not part of the top 300 stocks by market capitalization" may decrease subject to a minimum of 65%, and in the event of the same falling below 65%, a review and rebalancing of the asset allocation will be called for by the Investment Manager within 30 days from the date of said deviation. Such changes in the investment pattern will be for a short term and for defensive considerations, the intention being at all times to seek to protect the interests of the Unit Holders.

Total gross derivative exposure, investment in equity and equity related securities and investment in debt and money market securities in the Scheme shall not exceed 100% of the net assets of the Scheme. However, security wise hedge position will not be considered in calculating the above exposure.

The net derivatives position in the Scheme may be upto 50% of its net assets, subject to the regulatory limits.

## Stock Lending & Borrowing

Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending and borrowing. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The Investment Manager will apply the following limits, should it desire to engage in Stock lending:

- 1) Not more than 20% of the net assets of the Scheme can generally be deployed in Stock Lending.
- 2) Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending to any single counter party.

The Scheme may use various derivatives and hedging products/techniques, in order to seek to generate better returns for the Scheme. The Scheme shall transact in exchange traded equity derivatives only and these instruments may take the form of Index Futures, Index Options, Futures and Options on individual equities/securities and such other derivative instruments as may be appropriate and permitted under the SEBI Regulations read with the relevant guidelines issued from time to time.

## Overseas Investments

Depending upon the Investment Manager's views, the Scheme would like to seek investment opportunities in ADR/GDR/foreign securities, in accordance with the guidelines stipulated in this regard by SEBI and RBI from time to time. Investing in the overseas markets could be both rewarding as well as challenging. Under normal circumstances, the Scheme shall not have an exposure of more than 25% of its net assets in foreign securities, subject to applicable regulatory limits.

## Exposure to foreign securities

It is the Investment Manager's belief that investment in ADRs/GDRs/overseas securities offers new investment and portfolio diversification opportunities into multi-market 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 will invest only a portion of its Net Assets in ADRs/GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure the performance of the Scheme's investments to the extent of exposure to ADRs/GDRs/overseas securities. According to SEBI circular no. SEBI/IMD/CIR No. 7/104753/07 dated September 26, 2007 mutual funds can invest in ADRs/GDRs/other specified foreign securities and as per SEBI circular no. SEBI/IMD/CIR No. 2/122577/08 dated April 08, 2008, such investments are subject to an overall limit of US\$ 7 bn. for all mutual funds put together. The Mutual Fund has been allowed an individual limit of US\$ 600 mn. for overseas investments.

Easy access, transparent regulations and a breadth of variety in terms of classes of investors have contributed to investor confidence in the stability and functioning of global markets. Besides, better access to information on the financial health of many foreign companies helps fund managers make informed investment decisions.

## D. WHERE WILL THE SCHEME INVEST?

The Scheme will invest primarily in stocks, which are not part of the top 300 stocks by market capitalisation and which the Investment Manager determines as having strong or improving fundamentals and have been overlooked or under priced relative to other stocks. (300th company had a market capitalization of approximately Rs. 2,299 Crore as at May 31, 2010).

Under normal market conditions, approximately 90% of the portfolio of the Scheme will be invested in equity and equity related securities. Equity related securities include, but are not limited to, fully convertible debentures, partly convertible debentures, optionally convertible debentures, unlisted securities, convertible preference shares, initial public offerings, private placements and warrants converting into equity securities. Under normal market conditions, approximately 10% of the portfolio

of the Scheme will be invested in debt securities and money market securities. This component of the portfolio will provide the necessary liquidity to meet redemption needs and other liquidity requirements of the Scheme. Debt securities include, but are not limited to, non convertible debentures, zero coupon securities, non-convertible portion of convertible debentures, floating rate bonds, debt instruments, and any other such instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time.

Money market securities include, but are not limited to, treasury bills, commercial paper of public sector undertakings and private sector corporate entities, reverse repurchase agreements, CBLOs, certificates of deposit of scheduled commercial banks and development financial institutions, bills of exchange/promissory notes of public sector and private sector corporate entities (co accepted by banks), government securities with unexpired maturity of one year or less and other money market securities as may be permitted by SEBI/RBI regulations from time to time. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placements, rights offers or through negotiated deals

### **Investment in Short-Term Deposits**

Besides the investments in short-term deposits for maintaining initial margin requirements for equity derivatives, the AMC may, pending deployment of funds of the Scheme, invest in short-term deposits of scheduled commercial banks, subject to the following conditions:

- (a) The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
- (b) The Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
- (c) The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in the Scheme.

### **Trading in Derivatives**

The Scheme will transact in exchange traded equity derivatives only and these instruments may take the form of Index Futures, Index Options, Futures and Options on individual equities/securities and such other derivative instruments as may be appropriate and permitted under the SEBI Regulations and guidelines from time to time.

#### **Advantages of Trading in Derivatives**

Advantages of derivatives are many. The use of derivatives provides flexibility to the Scheme to hedge whole or part of the portfolio.

The following section describes some of the more common derivatives transactions along with their benefits:

Derivatives are financial contracts of pre-determined fixed duration, whose values are derived from the value of an underlying primary financial instrument, commodity or index, such as interest rates, exchange rates, commodities, and equities.

#### **1. Futures**

A futures contract is a standardized contract between two parties where one of the parties commits to sell, and the other to buy, a stipulated quantity of a security at an agreed price on or before a given date in future.

Currently, futures contracts have a maximum expiration cycle of 3-months. Three contracts are available for trading, with 1 month, 2 months and 3 months expiry respectively. A new contract is

introduced on the next trading day following the expiry of the relevant monthly contract. Futures contracts typically expire on the last Thursday of the month. For example a contract with the May 2010 expiration expires on the last Thursday of May 2010 (May 27, 2010).

#### **Basic Structure of an Index Future**

The Stock Index futures are instruments designed to give exposure to the equity markets indices. The Stock Exchange, Mumbai (BSE) and the NSE have trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and short term interest rates. Index futures are cash settled; there is no delivery of the underlying stocks.

#### Example using hypothetical figures:

##### 1 month S & P CNX NIFTY Future

Say, the Mutual Fund buys 1,000 futures contracts; each contract value is 100 times futures index price

Purchase Date	:	May 09, 2010
Spot Index	:	4200.00
Future Price	:	4210.00
Say, Date of Expiry	:	May 27, 2010
Say, Margin	:	10%

Assuming the exchange imposes total margin of 10%, the Investment Manager will be required to provide total margin of approx. Rs.42,100,000 (i.e.10% \* 4210 \* 1000 \* 100) through eligible securities and cash.

Assuming on the date of expiry, i.e. May 27, 2010, S&P CNX Nifty Index closes at 4225, the net impact will be a profit of Rs. 1,500,000 for the Mutual Fund i.e. (4225 - 4210) \* 1000 \* 100

Futures price = Closing spot price = 4225.00

Profits for the Scheme = (4225.00 - 4210.00) \* 1000 \* 100 = Rs. 1,500,000

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity.

The net impact for the Scheme will be in terms of the difference of the closing price of the index and cost price. Thus, it is clear from the example that the profit or loss for the Scheme will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

#### **Basic Structure of a Stock Future**

A futures contract on a stock gives its owner the right and obligation to buy or sell the stocks. The single stock futures traded on NSE are cash settled; there is no delivery of the underlying stocks on the expiration date. A purchase or sale of futures on a security gives the trader essentially the same price exposure as a purchase or sale of the security itself. In this regard, trading in stock futures is no different from trading the security itself.

#### Example using hypothetical figures:

The Mutual Fund holds shares of XYZ Ltd., the current price of which is Rs. 500 per share. The Mutual Fund sells one month futures on the shares of XYZ Ltd. at the rate of Rs. 540.

If the price of the stock falls, the Mutual Fund will suffer losses on the stock position held. However, in such a scenario, there will be a profit on the short futures position.

At the end of the period, the price of the stock falls to Rs. 450 and this fall in the price of the stock results in a fall in the price of futures to Rs. 470. There will be a loss of Rs. 50 per share (Rs. 500 -

Rs. 450) on the holding of the stock, which will be offset by the profits of Rs. 70 (Rs. 540 - Rs. 470) made on the short futures position.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins and other related costs have been ignored. The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

## 2. Options

An option gives a person the right but not an obligation to buy or sell something. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium) and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

An option contract may be of two kinds:

### 1) Call option

An option that provides the buyer the right to buy is a call option. The buyer of the call option can call upon the seller of the option and buy from him the underlying asset at the agreed price. The seller of the option has to fulfill the obligation upon exercise of the option.

### 2) Put option

The right to sell is called a put option. Here, the buyer of the option can exercise his right to sell the underlying asset to the seller of the option at the agreed price.

Option contracts are classified into two styles:

#### (a) European Style

In a European option, the holder of the option can only exercise his right on the date of expiration only.

#### (b) American Style

In an American option, the holder can exercise his right anytime between the purchase date and the expiration date.

## Basic Structure of an Equity Option

In India, option contracts on indices are European style and cash settled whereas, option contracts on individual securities are American style and cash settled.

Example using hypothetical figures:

Market type	:	N
Instrument Type	:	OPTSTK
Underlying	:	XYZ Ltd. (XYZ)
Purchase date	:	May 09, 2010
Expiry date	:	May 27, 2010
Option Type	:	Put Option (Purchased)
Strike Price	:	Rs. 5,750.00
Spot Price	:	Rs. 5,800.00
Premium	:	Rs. 200.00
Lot Size	:	100
No. of Contracts	:	50

Say, the Mutual Fund purchases on May 09, 2010, 1 month Put Options on XYZ Ltd. (XYZ) on the NSE i.e. put options on 5000 shares (50 contracts of 100 shares each) of XYZ Ltd.

As these are American style options, they can be exercised on or before the exercise date i.e. May 27, 2010. If the share price of XYZ Ltd. falls to Rs.5,500 on May 20, 2010 and the Investment Manager decides to exercise the option, the net impact will be as follows:

Premium expense	=	Rs. 200 * 50 * 100 = Rs. 10,00,000
Option Exercised at	=	Rs.5,500
Profits for the Mutual Fund	=	(5,750.00-5,500.00) * 50*100 = Rs. 12,50,000
Net Profit	=	Rs. 12,50,000 - Rs. 10,00,000 = Rs. 2,50,000

In the above example, the Investment Manager hedged the market risk on 5000 shares of XYZ Ltd. by purchasing Put Options.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins have been ignored. The purchase of Put Options does not increase the market risk in the Scheme as the risk is already in the Scheme's portfolio on account of the underlying asset position (in this example XYZ Ltd. shares). The premium paid for the option is treated as an expense and added to the holding cost of the relevant security. Additional risks could be on account of illiquidity and potential mis-pricing of the options.

### Exposure to Derivatives

#### *i. Position limit for the Mutual Fund in equity index options contracts*

- The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher, per Stock Exchange.
- This limit would be applicable on open positions in all options contracts on a particular underlying index.

#### *ii. Position limit for the Mutual Fund in equity index futures contracts:*

- The Mutual Fund position limit in all equity index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in equity index futures contracts, whichever is higher, per Stock Exchange.
- This limit would be applicable on open positions in all futures contracts on a particular underlying index.

#### *iii. Additional position limit for hedging*

In addition to the position limits at point (i) and (ii) above, Mutual Fund may take exposure in equity index derivatives subject to the following limits:

- Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
- Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

#### *iv. Position limit for the Mutual Fund for stock based derivative contracts*

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, :-

- For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.
- For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore which ever is lower.

#### *v. Position limit for the Scheme*

The position limits for the Scheme and disclosure requirements are as follows-

- For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of the Mutual Fund shall not exceed the higher of:

1% of the free float market capitalisation (in terms of number of shares).

*Or*

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

- b. This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- c. For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

#### **E. WHAT ARE THE INVESTMENT STRATEGIES?**

The Investment Manager will use a disciplined quantitative analysis of financial operating statistics. In picking out individual investment opportunities for the portfolio, among the defined universe eligible for investment, the Investment Manager will seek both value and growth. Value is discerned when the Investment Manager believes that the long term growth potential of a company is not fully reflected in the market price of the company's securities and which potential it seeks to better every year capitalising on its various strengths, which could mean strong brand equity, growing market share, strong management and technological excellence, among others. Growth stocks, as the term suggests, are those stocks that are currently in the growth phase. The super-normal growth could be due to a new product, a new process, growing market share, stronger brand equity, technological breakthrough and unique position in a market, among other factors.

The Investment Manager will conduct in-house research in order to identify various investment opportunities. The company-wise analysis will focus, amongst others, on the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know-how and transparency in corporate governance .

The Investment Manager will invest only in those debt securities that are rated investment grade by a domestic credit rating agency authorised to carry out such activity, such as CRISIL, ICRA, CARE etc. or in unrated debt securities, which the Investment Manager believes to be of equivalent quality. Where investment in unrated debt securities is sought to be made, the specific approval of the Board of Directors of the AMC and Trustee shall be obtained prior to investment. In-house research by the Investment Manager will emphasize on credit analysis, in order to determine credit risk.

The Mutual Fund may use various derivatives and hedging products/techniques, in order to seek to generate better returns for the Scheme. The Fund may use the following strategies while trading in derivatives for the purpose of efficient portfolio management:

##### **(a) Reverse Arbitrage:**

This strategy will be adopted if the cash price of a stock (say "XYZ") is reasonably greater than single stock futures of XYZ, then the Investment Manager may sell cash position in XYZ and buy single stock futures of XYZ. In this case the Investment Manager will still be having a long-term view on the stock XYZ but is able to minimize the cost of holding of XYZ.

##### **(b) Arbitrage:**

This strategy will be adopted if the single stock future of XYZ is reasonably greater than the cash price of XYZ, then the Investment Manager will buy the shares of XYZ in the cash market and sell equivalent numbers of single stock futures of XYZ. In this case the Investment Manager may not have an investment view of the stock XYZ but would like to enhance the portfolio value.

##### **(c) Covered Call Writing:**

This strategy will be adopted to enhance the portfolio value by writing call options on a stock XYZ already held in the portfolio, where the Investment Manager expects a steady price in the underlying stock in the very short term. If the price of the stock XYZ continues below the call option strike price, the premium collected enhances the portfolio value. However if the price of stock XYZ is above the call option strike price, the Investment Manager has achieved the desired price for the stock XYZ.

**(d) Portfolio Hedging:**

This strategy will be adopted:

- (i) If in an already invested portfolio of a Scheme, the Investment Manager is expecting a market correction, the Investment Manager may sell Index Futures to insulate the portfolio from the market related risks.
- (ii) If there are significant inflows to the Scheme and the market expectations are bullish, the Investment Manager may buy Index Futures to continue participation in the equity markets. This strategy is used to reduce the time to achieve the desired invested levels.

**Portfolio Turnover**

In respect of each Scheme, portfolio turnover is defined as the lower of the aggregate value of purchases or sales, as a percentage of the average corpus of the Scheme during a specified period of time. This will exclude purchases and sales of money market securities. The portfolio turnover in the Scheme will be a function of the inflows in the form of subscriptions into the Scheme and outflows in the form of redemptions from the Scheme, as well as the market opportunities available to the Investment Manager. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio(s).

It will be the endeavor of the Investment Manager to keep portfolio turnover rates as low as possible. However, there are trading opportunities that present themselves from time to time, where in the opinion of the Investment Manager, there is an opportunity to enhance the total returns of the portfolio. The Investment Manager will endeavor to balance the increased cost on account of higher portfolio turnover with the benefits derived therefrom.

**F. FUNDAMENTAL ATTRIBUTES**

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

- (i) Type of Scheme
  - Open ended
  - Equity Fund
- (ii) Investment Objective
  - Main Objective - Growth
  - Investment pattern - The tentative equity/debt/money market portfolio break-up with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.
- (iii) Terms of Issue
  - Liquidity provisions such as listing, repurchase, redemption. Please refer, "Section VI. Units and Offer."
  - Aggregate fees and expenses charged to the Scheme. Please refer, "Section VII. Fees and Expenses."
  - Any safety net or guarantee provided - Not applicable.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme and the Option(s) thereunder or the trust or fees and expenses payable or any other change which would modify the Scheme and the Option(s) thereunder and affect the interests of Unit Holders is carried out unless:

- A written communication about the proposed change is sent to each Unit Holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unit Holders are given an option for a period of 30 days to exit at the prevailing NAV without any Exit Load.

#### G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

BSE Small Cap Index is the benchmark index for comparing the performance of the Scheme. The composition of this benchmark is such that it is most suited for comparing the performance of the Scheme.

The Trustee may change the benchmark for the Scheme in future, if a benchmark better suited to the investment objective of the Scheme is available at such time.

#### H. WHO WILL MANAGE THE SCHEME?

Fund Manager	Qualifications	Brief Experience	Other schemes managed by the Fund Manager
Apoorva Shah	B.Com., PGDM (IIM Ahmedabad)	Over 21 years of experience in Banking and Investment. Details are as under:  From Jan 09 to present - EVP, Investments - DSPBRIM.  From April 2006 to present - SVP, Investments - DSPBRIM.  From 1998 to March 2006 - Portfolio Advisor and Head of Products, GPC India, DSP Merrill Lynch Ltd.  From 1991 to 1998 - Institutional Equity Sales at DSP Merrill Lynch Ltd.	Mr. Apoorva Shah is also the fund manager for DSP BlackRock Equity Fund, DSP BlackRock Top 100 Equity Fund, DSP BlackRock Balanced Fund, DSP BlackRock Technology.com Fund, DSP BlackRock Micro Cap Fund and DSP BlackRock Small and Mid Cap Fund and a co-Fund Manager for DSP BlackRock Savings Manager Fund.
Mr. Vinit Sambre (Dedicated Fund Manager for managing overseas investment)	B.Com, FCA	From January 2010 - till date - Vice President - DSPBRIM. From July 2007 - December 2009- Assistant Vice President - DSPBRIM. From November 2005 to June 2007 - Assistant Vice President - Global Private Client with DSP Merrill Lynch Limited. From December 2002 to October 2005 - Sr. Manager- Investment Advisory Services - IL & FS Investsmart Ltd. From June 2000 to December 2002 - Manager - Equity Research & Investment - Unit Trust of India Investment Advisory Services Ltd. From March 1999 to May 2000 - Worked as Equity Research Analyst - Kisan Ratilal Choksey Shares & Securities Pvt. Ltd. From April 1998 to February 1999 - Analyst with Credit Rating Information Services of India	Mr. Vinit Sambre is also the Fund Manager for managing the overseas investments in DSP BlackRock World Gold Fund, DSP BlackRock Natural Resources and New Energy Fund, DSP BlackRock World Energy Fund, DSP BlackRock World Mining Fund and DSP BlackRock Focus 25 Fund.

Fund Manager	Qualifications	Brief Experience	Other schemes managed by the Fund Manager
		Limited (CRISIL) on retainership basis	

## I. WHAT ARE THE INVESTMENT RESTRICTIONS?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments. However, all investments by the Scheme will be made in accordance with its investment objective, investment focus and investment pattern, as described earlier, as well as the SEBI (MF) Regulations, including Schedule VII thereof, as amended from time to time.

- 1) The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.
- 2) Transfer of investments from one scheme to another scheme in the same mutual fund shall be allowed only if:
  - (i) such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for the spot transaction); and transfers of unquoted securities will be made as per the policy laid down by the Trustee from time to time; and
  - (ii) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- 3) The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that the aggregate inter-scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the Mutual Fund.
- 4) The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:  
Provided that the Mutual Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.  
Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.  
Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
- 5) The Mutual Fund shall get the securities purchased/transferred in the name of the Mutual Fund on account of the Scheme, wherever the instruments are intended to be of long term nature.
- 6) Pending deployment of funds of the Scheme in securities in terms of investment objectives of the Scheme, the Mutual Fund may invest in short term deposits of scheduled commercial banks, subject to the following conditions:
  - (i) The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  - (ii) The Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
  - (iii) The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in the Scheme.

Further as per SEBI Circular No. SEBI/IMD/CIR No.7/129592/08 dated June 23, 2008, it is clarified that the aforesaid limits shall not apply to term deposits placed as margins for trading in cash and derivative markets.
- 7) The Scheme shall not make any investment in :

- (i) any unlisted security of any associate or group company of the sponsor; or
  - (ii) any security issued by way of private placement by an associate or group company of the sponsor; or
  - (iii) the listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
- 8) The Scheme shall not invest more than 10% of its NAV in the equity shares/equity related instruments or listed securities or units of venture capital funds.
  - 9) The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares/equity related instruments or unlisted securities or units of venture capital funds.
  - 10) No term loans for any purpose may be advanced by the Mutual Fund and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Scheme or for the purpose of repurchase, redemption of units or payment of interest or dividends to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such a borrowing shall not exceed a period of six months.
  - 11) The Mutual Fund may lend securities in accordance with "Guidelines for Participation by Mutual Funds in Stock Lending" issued by SEBI or any amendments thereto.
  - 12) The Scheme shall not make any investment in any fund of funds scheme.
  - 13) If any company invests more than 5% of the NAV of the Scheme then investment made by the Scheme or any other scheme of the Mutual Fund in that company or its subsidiaries will be disclosed in accordance with SEBI (MF) Regulations.
  - 14) The Scheme will comply with any other Regulations applicable to the investments of Mutual Funds from time to time.

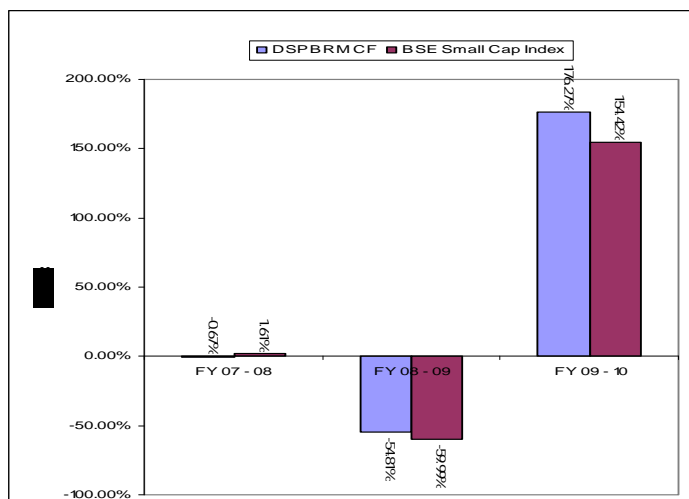
These investment limitations/parameters as expressed (linked to the net asset/net asset value/ capital) shall in the ordinary course apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Mutual Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unit Holders.

Apart from the Investment Restrictions prescribed under the SEBI (MF) Regulations, internal risk parameters for limiting exposure to a particular scheme may be prescribed from time to time to respond to the dynamic market conditions and market opportunities.

The Trustee/AMC may alter the above stated limitations from time to time, and also to the extent the SEBI (MF) Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments in order to achieve its investment objectives.

## J. HOW HAS THE SCHEME PERFORMED?

### (a) Absolute Returns



### (b) Compounded Annualized Returns as of May 26, 2010

Period	DSPBRMCF (Regular Plan)	BSE Small Cap Index
Last 1 Year	78.83%	43.40%
Since Inception	12.84%	4.41%
NAV/Index Value (May 26*)	Rs. 14.283	8,313.99
Date of Allotment	14 <sup>th</sup> June 2007	

\*Last declared NAV. As per SEBI standards for performance reporting, the "since inception" returns are calculated on Rs. 10/- invested at inception. For this purpose the inception date is deemed to be the date of allotment. The returns shown are for the Growth option. Returns for the last 1 year are higher largely due to market recovery. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.**

## SECTION VI - UNITS AND OFFER

This section provides details an investor needs to know for investing in the Scheme.

### A. NEW FUND OFFER (NFO) DETAILS

Not Applicable

### B. ONGOING OFFER DETAILS

<p><b>Ongoing Offer Period</b> (This is the date from which the Scheme reopens for subscriptions/ redemptions after the closure of the NFO period)</p>	<p>The Scheme was launched on May 04, 2007 as a three year close ended scheme.</p> <p>The Scheme reopens for subscriptions/redemptions as an open ended scheme on June 15, 2010.</p>			
<p><b>Plans and Options offered under the Scheme</b></p>	<p>Plan: *Regular &amp; Institutional Option: Growth (Option A)</p> <p>Investors have a Growth Option under both Plans. The income earned by the Scheme will remain invested in the Scheme and will be reflected in the NAV.</p> <p>The Trustee, in its sole discretion, may also declare dividends. To the extent the entire net income and realized gains are not distributed, the same will remain invested in the Scheme and be reflected in the NAV.</p> <p>Investors should indicate the Plan wherever applicable, for which the subscription is made, by indicating the choice in the appropriate box provided for this purpose in the Application Form. Revocation of any such decision also must be made in writing, signed by all the Unit Holder(s), and sent to the Registrar. In case of valid applications received, where the Plan is not indicated or is not clear or ambiguous, default (*) Plan will be applied.</p>			
<p><b>Dividend Policy</b></p>	<p>The Scheme offers only a Growth Option, hence no dividends will be declared in the Scheme. The Trustee, however, reserves the right to declare a dividend and the actual distribution thereof and the frequency of distribution are entirely at the discretion of the Trustee</p>			
<p><b>Minimum amount for application</b></p>		<p><b>First Purchase</b></p>	<p><b>Additional Purchase</b></p>	<p><b>SIP Purchase</b></p>
	<p>Regular Plan</p>	<p>Rs. 10,000 and multiples of Re. 1/- thereafter</p>	<p>Rs. 1,000 and multiples of Re. 1/- thereafter</p>	<p>Rs. 1,000</p>
	<p>Institutional Plan</p>	<p>Rs. 5 crore and multiples of Re. 1/- thereafter</p>	<p>Rs. 5 lakh and multiples of Re. 1 thereafter</p>	<p>N.A.</p>
<p><b>Minimum amount for redemption</b></p>	<p>Rs. 500</p> <p><u>Note:</u> In case of Units held in dematerialized mode, the redemption request can be given only in number of Units and the provision pertaining to 'Minimum amount for Redemption' shall not be applicable to such investors.</p>			
<p><b>Ongoing price for subscription (Purchase Price)</b> (This is the price you need to</p>	<p>The Purchase Price of a Unit will be the Applicable NAV per Unit, as at the close of the Business Day for which NAV is declared.</p>			

pay for purchase/switch-in)	Purchase Price = Applicable NAV
Ongoing price for redemption (sale) /switch outs (to other schemes of the Mutual Fund)/Inter-Plan switching by investors (Redemption Price)	<p>Redemption Price of Units will be calculated on the basis of the Applicable NAV, subject to the Exit Load applicable.</p> <p>Redemption Price = Applicable NAV x (1 - Exit Load)</p> <p>Illustration:</p> <p>Say, Applicable NAV = Rs. 12.000 and the Exit Load is 0.50%, Redemption Price = 12 x (1-0.005) = Rs. 11.940.</p> <p>For details on Load structure please see, Section 'VII. Fees and Expenses, C. Load Structure.'</p> <p>The Mutual Fund shall ensure that the Redemption Price is not lower than 93% of the NAV, provided that the difference between the Redemption Price and Purchase Price of the Unit shall not exceed the permissible limit of 7% of the Purchase Price, as provided under SEBI (MF) Regulations.</p>
Applicable NAV and Cut-off time	<p>Applicable NAV is the Net Asset Value per Unit at the close of the Business Day on which a valid application is accepted and time stamped. An Application will be considered accepted on a Business Day, subject to it being complete in all respects and received and time stamped upto the relevant cut-off time mentioned below, at any of the official points of acceptance of transactions.</p> <p>For applications received via post or courier at any of the centres, the date and time of receipt of the post or courier will not be considered for reckoning the application as having been accepted. An application will be considered accepted only when it is time stamped by the centre.</p> <p>However, in respect of valid applications with outstation cheques/demand drafts not payable at par at the place where the application is received and time-stamped, closing NAV of the day on which the cheque/demand draft is credited shall be applicable.</p> <p>With respect to investors who transact through the stock exchange, Applicable NAV shall be reckoned on the basis of the time stamping as evidenced by confirmation slip given by stock exchange mechanism.</p> <p><b>Cut-off time</b> (This is the time before which your application, complete in all respects should reach the official points of acceptance)</p> <p><u>(i) For Purchase and Switch-in:</u> Where the application is received on any Business Day at the official points of acceptance of transaction along with a local cheque or a demand draft payable at par at the place of submission of the application:</p> <ul style="list-style-type: none"> <li>▪ Upto 3.00 p.m. - NAV of the same day</li> <li>▪ After 3.00 p.m. - NAV of the next Business Day</li> </ul> <p><u>(ii) For Redemption/Switch-out:</u> Where the application is received on any Business Day at the official points of acceptance of transactions:</p> <ul style="list-style-type: none"> <li>▪ Upto 3.00 p.m. - NAV of the same day</li> <li>▪ After 3.00 p.m. - NAV of the next Business Day</li> </ul> <p><b>Note for switching:</b> Valid switch applications will be considered for processing on the earliest day which is a Business Day for both the 'Switch</p>

	<p>out' scheme and the 'Switch in' scheme. Applications for 'switch in' shall be treated as purchase applications and the Applicable NAV based on the cut off time for purchase shall be applied. Applications for switch out shall be treated as redemption applications and the Applicable NAV based on the cut off time for redemption shall be applied.</p>
<p><b>Where can the applications for redemption/ switch-out be submitted?</b></p>	<p>All transaction requests can be submitted at any of the official points of acceptance of transactions, the addresses of which are given at the end of this SID. Stock brokers registered with recognized stock exchanges and empanelled with the AMC shall also be considered as official points of acceptance of transactions. Pls. refer to "Trading in Units through Stock Exchange mechanism" under 'A. New Fund Offer Details', for detailed provisions.</p>
<p><b>Who can invest?</b> (This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile)</p>	<p>The following persons (subject to, wherever relevant, purchase of units of mutual funds being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Scheme:</p> <p><b>Regular Plan</b></p> <ul style="list-style-type: none"> <li>• Resident Adult Individuals either singly or jointly (not exceeding three)</li> <li>• Minors through parent/legal guardian</li> <li>• Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions)</li> <li>• Religious, Charitable and Private Trusts, under the provisions of 11(5) of Income Tax Act, 1961 read with Rule 17C of Income Tax Rules, 1962 (subject to receipt of necessary approvals as "Public Securities", where required)</li> <li>• Trustee of private trusts authorized to invest in mutual fund Schemes under the Trust Deed</li> <li>• Partnership Firms</li> <li>• Karta of Hindu Undivided Family (HUF)</li> <li>• Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions</li> <li>• NRIs/Persons of Indian Origin residing abroad on full repatriation basis (subject to RBI approval, if any) or on non-repatriation basis</li> <li>• Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval, if any)</li> <li>• Army, Air Force, Navy and other para-military funds</li> <li>• Scientific and Industrial Research Organisations</li> <li>• International Multilateral Agencies approved by the Government of India</li> <li>• Non-Government Provident/Pension/Gratuity funds as and when permitted to invest</li> <li>• Others who are permitted to invest in the Scheme as per their respective constitutions</li> <li>• A scheme of the Mutual Fund, subject to the conditions and limits prescribed in SEBI (MF) Regulations and/or by the Trustee, AMC or Sponsors (The AMC shall not charge any fees on such investments).</li> <li>• The AMC (No fees shall be charged on such investments).</li> </ul> <p><b>Institutional Plan</b></p> <ul style="list-style-type: none"> <li>• Banking Company as defined under the Banking Regulations Act, 1949.</li> <li>• Public Financial Institution as defined under the Companies Act, 1956.</li> </ul>

	<ul style="list-style-type: none"> <li>• Insurance Company registered with the Insurance Regulatory and Development Authority.</li> <li>• Foreign Institutional Investors and sub-accounts registered with SEBI.</li> <li>• Pension Funds.</li> <li>• Portfolio Managers registered under the SEBI (Portfolio Managers) Regulations, 1993</li> <li>• Non-Banking Finance Companies registered with RBI</li> <li>• Registered Provident Funds</li> <li>• Army, Air Force, Navy and other para-military funds</li> <li>• International Multilateral Agencies approved by the Government of India</li> </ul> <p>Note: A minor Unit Holder, on becoming major, may inform the Registrar about attaining majority, and provide his specimen signature duly authenticated by his banker as well as his details of bank account and a certified true copy of the PAN card, to enable the Registrar to update his records and allow him to operate the account in his own right.</p>
<p><b>Where can you submit filled up applications?</b></p>	<p>Applications can be submitted at any of the official points of acceptance of transactions, the addresses of which are given at the end of this SID. Investors can also submit their applications at the Registrar's office at Rayala Towers, Tower I, 3rd Floor, 158 Anna Salai, Chennai - 600 002. Tel: 044-2852 1596/0516 Fax: 044-4203 2952. Investors can log on to <a href="http://www.camsonline.com">www.camsonline.com</a> for details of various offices/ISCs of Registrar. Stock brokers registered with recognized stock exchanges and empanelled with the AMC shall also be considered as official points of acceptance of transactions. Please refer to "Trading in Units through Stock Exchange mechanism" under 'A. New Fund Offer Details', for detailed provisions.</p>
<p><b>How to Apply?</b></p>	<p>Please refer to the SAI and application form for instructions.</p>
<p><b>Allotment</b></p>	<p>Full allotment will be made to all valid applications received. Allotment to NRIs/FIIs will be subject to RBI approval, if required. Subject to the SEBI (MF) Regulations, the Trustee may reject any application received in case the application is found invalid/incomplete or for any other reason in the Trustee's sole discretion. All allotments will be provisional, subject to realization of payment instrument and subject to the AMC having been reasonably satisfied about receipt of clear funds. Any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC. In case of cheque returns, the Mutual Fund will send the copy of the returned cheque and bank return memo by normal post within 15 days of the Registrar having received, at its registered office, the physical and the return memo. The Mutual Fund will not be responsible for any loss or damage to the applicant on account of any delay in informing him/her/it about the return of the cheque, where such delay is caused by the clearing mechanisms of banks and clearing houses involved in realization of cheques.</p> <p>It is mandatory for NRIs to attach a copy of the payment cheque/FIRC/Debit Certificate to ascertain the repatriation status of the amount invested. NRI applicants should also clearly tick on account type as NRE or NRO or FCNR to determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form under 'Investment and Payment details' and will not be liable for any incorrect information provided by the applicants. Applicants will have to coordinate with their authorized dealers and banks to repatriate the investment amount as and when needed.</p> <p>All applications and/or refunds that are rejected for any reason whatsoever will be returned by normal post within 15 days to the address as mentioned by the applicant.</p>

	<p>The Mutual Fund reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by him/her/it for purchase of Units.</p>
<p><b>Account Statements</b></p>	<p><b>For normal transactions (other than SIP/STP) during Continuous Offer:</b></p> <ul style="list-style-type: none"> <li>▪ The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement by normal post, specifying the number of units allotted. The account statement will be sent within 5 Business Days from the date of allotment of Units, after new/additional purchases are made. However, when additional Units are issued on account of the dividend which is to be reinvested under the sub-option, "Reinvest Dividend", an account statement will be despatched to all such Unit Holders within 25 Business Days of declaration of dividend.</li> <li>• In case of redemption/switch request made by a Unit Holder, an account statement will be sent within 10 Business Days from the date of such acceptance or from the date of Applicable NAV, whichever is later.</li> <li>• The account statement sent within the time frame mentioned above is provisional and is subject to realisation of payment instrument and/or verification of documents, including the application form, by the Registrar/AMC. In the case of any change in the account statement, a separate communication with a revised account statement will be sent to the investor within 15 Business Days from the date of transaction.</li> <li>• For Unit Holders who have provided an e-mail address, the AMC will send the account statement by e-mail only.</li> <li>• The Unit Holder may request for a physical account statement by writing to/calling the AMC/Registrar.</li> </ul> <p><b>For SIP/STP/SWP transactions:</b></p> <ul style="list-style-type: none"> <li>▪ Account statements for SIP, STP and SWP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.</li> <li>▪ A soft copy of the account statement shall be mailed to the investors under SIP/STP/SWP to their e-mail address on a monthly basis, if so mandated.</li> <li>▪ However, the first account statement under SIP/STP/SWP shall be issued within 10 working days of the initial investment/transfer.</li> <li>▪ In case of specific request received from the investors, the account statement (SIP/STP/SWP) shall be sent to the investors within 5 working days from the receipt of such request without any charges.</li> </ul> <p><b>Annual Account Statement:</b></p> <ul style="list-style-type: none"> <li>▪ In the interest of investors, account statements shall also be provided to Unit Holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.</li> <li>▪ The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Schemes.</li> <li>▪ Alternately, a soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</li> </ul> <p>Account Statements shall be non-transferable. They shall not be construed as proof of title and are only computer printed statements indicating the details of transactions under the Scheme during the current financial year</p>

	<p>and giving the closing balance of Units for the information of the Unit Holder.</p> <p>Non-transferable Unit Certificates will be sent, if an applicant so desires, within 30 days of the receipt of a request for the certificate. Unit Certificates will not be issued for any fractional Units entitlement. Units held, either in the form of account statement or Unit Certificates, are non-transferable. The Trustee reserves the right to make the Units transferable at a later date subject to SEBI (MF) Regulations issued from time to time.</p> <p>Where investor desires to hold Units dematerialized form, demat statement shall be provided by the Depository Participant in such form and in such manner and at such time as provided in the agreement with the beneficial owner. The statement provided by the Depository Participant will be equivalent to an account statement, and no further statement shall be issued by the Mutual Fund.</p>
<p><b>Minimum balance to be maintained and consequences of non maintenance</b></p>	<p>Rs. 5,000 (Regular Plan) and Rs. 50,00,000/- (Institutional Plan)</p> <p>The Mutual Fund may, at its discretion and without any notice, redeem the balance Units in the Scheme (in a particular folio), if the value of such balance Units falls below Rs. 5000/- in case of Regular Plan and Rs. 50,00,000/- in case of Institutional Plan and not less than 6 months have elapsed since his/her/its first investment in the Scheme. If an investor makes a redemption request immediately after purchase of Units, the Mutual Fund shall have the right to withhold the redemption request until such time as the Mutual Fund ensures that the amount remitted by the investor (for purchase of Units) is realized and that the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased Units may have to be redeemed to effect the full redemption.</p>
<p><b>Redemption</b></p>	<p>Units can be redeemed (sold back to the Mutual Fund) at the relevant Redemption Price. The redemption requests can be made on the pre-printed forms (transaction slip/common transaction form) or by using the form at the bottom of the account statement. The redemption request can be submitted at any of the Official Points of Acceptance of transaction, the details of which are mentioned at the end of this SID. As all allotments are provisional, subject to realization of payment instrument and subject to the AMC having been reasonably satisfied that the Mutual Fund has received clear funds, any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC.</p> <p>The Redemption request can be made for any amount of Rs. 500/- or more. A Unit Holder may request redemption of a specified amount or a specified number of Units only. If the redemption request is made for a specified amount and the number of Units is also specified by the Unit Holder, the number of Units specified will be considered for deciding the redemption amount. Unit Holders may also request for redemption of their entire holding and close the account by indicating the same at an appropriate place in the transaction slip/common transaction slip.</p> <p>In case an investor has purchased Units on more than one day (either under the NFO period or through subsequent purchase) the Units purchased first (i.e. those Units which have been held for the longest period of time), will be deemed to have been redeemed first, i.e. on a First-In-First-Out basis.</p> <p>In case the Units are standing in the names of more than one Unit Holder, where mode of holding is specified as 'Joint', redemption requests will have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Units Holders will have the power to make redemption requests, without it being necessary for all</p>

the Unit Holders to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder only.

Redemption or repurchase proceeds shall be despatched to Unit Holders within 10 working days from the date of redemption or repurchase. The AMC reserves the right to extend/modify the timelines on a case to case basis.

The redemption cheque will be issued in favour of the sole/first Unit Holder's registered name and bank account number, if provided, and will be sent to the registered address of the sole/first Holder as indicated in the original application form. The redemption cheque/demand draft will be payable at par at all the places where the official points of acceptance of transaction are located. Bank charges for collection of cheques at all other places will be borne by the Unit Holder. For redemptions of amounts above Rs. 5,000/-, the cheques will be sent by courier (where such facilities are available). With a view to safeguarding their interest, it is desirable that Unit Holders indicate their Bank Account No., name of the bank and branch in the application for purchasing Units of the Scheme. A fresh account statement will also be sent to redeeming investors, indicating the new balance to the credit in the account, along with the redemption cheque.

The Mutual Fund may, at its discretion and without any notice, redeem the balance Units in the Scheme (in a particular folio) if the value of the balance Units in the Scheme (in a particular folio) falls below Rs. 5000/- and at least 6 months have elapsed since his/her/its first investment in the Scheme.

If a Unit Holder makes a redemption request immediately after purchase of Units, the Mutual Fund shall have the right to withhold the redemption request until such time as the Mutual Fund ensures that the amount remitted by him (for purchase of Units) is realized and the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased Units may have to be redeemed to effect the full redemption.

The proceeds towards redemptions and dividends will be despatched by a reasonable mode of despatch like courier, post, UCP, etc. in case of cheque/demand draft or directly credited to the bank account (as per the details mentioned by the investor) in case of direct credit facility, entirely and solely at the risk of the investor. The Mutual Fund will endeavour to remit redemption proceeds via electronic means, as made available by RBI. Where such electronic means are not available or feasible under any circumstances, the Mutual Fund will remit the redemption proceeds by way of cheques. The investor will not hold the Mutual Fund or the AMC or the Registrar responsible for any non receipt or delay of receipt of redemption & dividend proceeds due to any negligence or deficiency in service by the courier company, postal authorities or the bank executing direct credits, or due to incorrect bank account details provided by the investor.

#### **Redemption by NRIs and FIIs**

Credit balances in the account of an NRI/FII investor may be redeemed by such investors in accordance with the procedure described above and subject to the procedures laid down by RBI, if any. Such redemption proceeds will be paid by means of a Rupee cheque payable to the NRI's/FIIs or by a foreign currency draft drawn at the then rates of exchange less bank charges, subject to RBI procedures and approvals.

#### **Effect of Redemption**

On redemption, the unit capital and reserves will stand reduced by an amount equivalent to the product of the number of Units redeemed and

	<p>the Redemption Price as on the date of redemption. Units once redeemed will be extinguished and will not be re-issued.</p> <p><b>Fractional Units</b></p> <p>Since a request for purchase is generally made in Rupee amounts and not in terms of number of Units of the Scheme, a Unit Holder may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places. However, fractional Units will, in no way, affect the Unit Holder's ability to redeem the Units, either in part or in full, standing to his/her/its credit.</p> <p><b>Redemption by investors transacting through stock exchange mechanism</b></p> <p>Investors who wish to transact through the stock exchange shall place orders for redemptions as currently practiced for secondary market activities. Investors must submit the Delivery Instruction Slip to their DP on the same day of submission of redemption request, within such stipulated time as may be specified by NSE/BSE, failing which the transaction will be rejected. Investors shall seek redemption requests in terms of number of units only and not in Rupee amounts. Redemption amounts shall be paid by the AMC to the bank mandate registered with the DP. Refer "Trading in Units through Stock Exchange mechanism" under 'A. New Fund Offer Details', for detailed provisions.</p>
<p><b>Listing and Transfer of Units</b></p>	<p>The Scheme is open ended and the Units are not proposed to be listed on any stock exchange. However, the Mutual Fund may, at its sole discretion, list the Units on one or more Stock Exchanges at a later date, and thereupon the Mutual Fund will make suitable public announcement to that effect. The Mutual Fund will offer and redeem Units on a continuous basis during the Continuous Offer Period.</p> <p>Units of the Scheme shall be non-transferable, however, if a person becomes a holder of Units consequent to an operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., and the transferee's name will be recorded by the Mutual Fund subject to production of satisfactory evidence.</p> <p>Further, in the case of Units held in dematerialized mode, transfer of Units through off market transaction shall not be permissible. Consequently, request for redemption of Units acquired through off market transaction shall be liable for rejection.</p>
<p><b>Trading in units through stock exchange mechanism</b></p>	<p>The facility of transacting through the stock exchange mechanism enables investors to buy and sell the Units of the Scheme(s) through the stock brokers registered with the BSE and/or NSE in accordance with the guidelines issued by SEBI and operating guidelines and directives issued by NSE, BSE or such other recognized stock exchange in this regard. The investor shall be serviced directly by such stock brokers/Depository Participant. The Mutual Fund will not be in a position to accept any request for transactions or service requests in respect of Units bought under this facility in demat mode.</p> <p>Investors may note that this facility is currently being offered only to investors who wish to hold Units in dematerialized form and, only for subscription below Rs. 1 crore. This facility will currently not support transactions done through switches or facilities such as SIP, SWP and STP.</p>

	<p>In case of non-financial requests/applications such as change of address, change of bank details, etc. investors should approach the respective Depository Participant(s).</p> <p>Unit holders may have/open a beneficiary account with a Depository Participant of a Depository and choose to hold the Units in dematerialized mode. The Unit holders have the option to dematerialize the Units as per the account statement sent by the Registrar by making an application to the AMC/Registrar for this purpose.</p> <p>Rematerialization of Units can be carried out in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time. Investors, who wish to get back their securities in physical form, may request their respective Depository Participant for rematerialization of Units in their beneficiary accounts. The Depository Participant will generate a rematerialization request number and the request will be dispatched to the AMC/Registrar. On acceptance of request from the Depository Participant, the AMC/Registrar will dispatch the account statement to the investor and will also send confirmation to the Depository participant.</p> <p>Transactions conducted through the stock exchange mechanism shall be governed by the SEBI (Mutual Funds) Regulations 1996 and operating guidelines and directives issued by NSE, BSE or such other recognized exchange in this regard.</p>
<b>Delay in payment of redemption / repurchase proceeds</b>	As per SEBI (MF) Regulations, the Mutual Fund shall despatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. In the event of delay/failure to despatch the redemption/repurchase proceeds within the aforesaid 10 Business Days, the AMC will be liable to pay interest to the Unit Holders at such rate as may be specified by SEBI for the period of such delay (currently @ 15% per annum).
<b>Bank Mandate</b>	It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per requirements laid down by SEBI and any other requirements stated in the Application Form without these details, the application will be treated as incomplete. Such incomplete applications are liable to be rejected by the Registrar/AMC. Also, the investor may be asked to provide a blank cancelled cheque or its photocopy, for the purpose of verifying the bank account number.
<b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</b>	Not Applicable.
<b>Restrictions, if any, on the right to freely retain or dispose of units being offered</b>	<p>The Trustee may, in the general interest of Unit Holders, keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue under the Scheme (or such higher percentage as the Trustee may determine).</p> <p>Units, which by virtue of these limitations are not redeemed on a particular Business Day, will be carried forward for redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Redemption Price of the Business Day on which the redemption is made. Under such circumstances, to the extent multiple</p>

	<p>redemption requests are received at the same time on a single Business Day, redemptions will be made on a pro-rata basis, based on the size of each redemption request; the balance amount being carried forward for redemption to the next Business Day(s).</p> <p>Also, in the event of an order being received from any regulatory authority/body, directing attachment of the Units of any investor, redemption of Units will be restricted in due compliance of such order.</p>
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## Special facilities available

### (i) Systematic Investment Plan (SIP)

Investors can benefit by investing specific Rupee amounts periodically for a continuous period through SIP. SIP allows investors to invest a fixed amount of Rupees on specific dates every month or quarter by purchasing Units of the Scheme at the Purchase Price prevailing at such time.

Investors can enroll themselves for SIP (minimum 12 installments) by ticking the appropriate box in the application form and filling up the relevant SIP form specifying the amount, period and SIP date as mentioned below:

- (a) where a weekly SIP is opted for, the SIP date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> and 21<sup>st</sup>, for the period concerned
- (b) where a monthly SIP is opted for, the SIP Date shall be 1st, 7th, 14<sup>th</sup> or 21st, as the case may be, of the month concerned and
- (c) where a quarterly SIP is opted for, the SIP Date shall be 1st, 7th, 14<sup>th</sup> or 21<sup>st</sup> as the case may be, of the last month of the rolling quarter concerned.

Investors can opt for the SIP facility through various modes of payment, viz. 'post dated cheques', ECS Debit', 'auto debit', 'standing instructions with banks', or any other facility as may be introduced by the AMC from time to time. However, AMC reserves the rights to discontinue any existing payment facility without any prior notice and in such event, AMC will discontinue future SIPs under the said facility and will inform the investors via normal post.

Where the SIP facility is started by way of post dated cheques, the first cheque may be of a date earlier than the SIP date and the AMC may at its discretion based on processing capability, process the first transaction under SIP on a date before the SIP date. If any cheque submitted under an SIP, bears a date different from the SIP date opted for by the investor concerned, and such date succeeds the relevant SIP date, the application is liable to be rejected. However, the Mutual Fund may, at its discretion, process such SIP cheque on the immediately succeeding 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, of the month concerned/succeeding month, as the case may be.

The AMC may change the terms and conditions for SIP from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing. Also, terms and conditions of various payment facilities will be mentioned in the relevant SIP form.

Units will be allotted at the Applicable NAV as on the SIP Date opted for by the investor. Where such SIP Date is not a Business Day, Units will be allotted at the Applicable NAV of the immediately succeeding Business Day.

On receipt of the SIP form, the Registrar will send a letter to the Unit Holder confirming the registration details of SIP. Also, the first account statement under SIP shall be issued within 10 working days of the initial investment. For details on provision pertaining to issue of account statement, please see section, '10. Account Statement.'

An investor will have the right to discontinue the SIP any time he/she/it so desires, subject to giving 30 days prior notice to the Registrar.

Illustrated below is the mechanism of an SIP, using hypothetical figures.

“Suppose an investor desires to invest Rs. 1000/- in the Scheme on a monthly basis starting April, he/she/it could opt for a monthly SIP. In this instance, he/she/it will have to invest a minimum total amount of Rs. 12,000/- through twelve installments of Rs. 1000/- each, dated, say, as of the 1st of every month, from April till March.

Month	Amount invested (Rs.)	Applicable NAV based Purchase Price on the date of installment (Rs.)	No. of Units Purchased
I	1000	12.000	83.333
II	1000	15.000	66.667
III	1000	11.000	90.909
IV	1000	13.000	76.923
V	1000	14.000	71.429
VI	1000	15.000	66.667
VII	1000	13.000	76.923
VIII	1000	14.000	71.429
IX	1000	16.000	62.500
X	1000	15.000	66.667
XI	1000	11.000	90.909
XII	1000	12.000	83.333
<b>TOTAL</b>	<b>12000</b>		<b>907.689</b>

Average cost per Unit = Rs.13.2200 (Rs.12,000/907.689 Units).

#### (ii) Systematic Withdrawal Plan (SWP)

During the Continuous Offer, a Unit Holder who has a minimum balance of Rs. 25,000/- in the Scheme (in a particular folio) may, through SWP, receive regular payments by way of withdrawals from the Scheme (in the said folio) on a weekly, monthly or quarterly basis and the request should be for at least 6 such withdrawals. A Unit holder may avail of SWP by ticking the appropriate box in the application form and filling up the SWP form, specifying therein the ‘SWP Date’ and period. The SWP enrolment will be registered within 7 days of receipt at the office of the Registrar in Chennai. Where the mode of holding is “any one or survivor”, any of the joint holders may issue an SWP instruction, as above, and such instruction shall be binding on all the joint owners. Unit Holders should note that they can opt for an SWP only if they have returned Unit certificates, if any, issued to them.

To start an SWP, the Unit Holder should submit the SWP form atleast 7 days prior to the first desired SWP date. To discontinue the SWP, the Unit Holder should provide atleast 30 days written notice to the Registrar at its office in Chennai.

A Unit Holder who opts for an SWP has the choice of withdrawing (i) a fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme, as detailed below:

##### i) Fixed Amount

Under this alternative, a Unit Holder may withdraw a fixed amount of at least Rs. 1000/- per transaction and the ‘SWP Date’ for the withdrawal will be as under. However, the first withdrawal may be of a date earlier than the SWP Date and the AMC may at its discretion based on processing capability, process the first transaction under SWP on a date before the SWP Date.

- where a weekly SWP is opted for, the SWP Date shall be the 1st, 7th, 14th and 21st, for the period concerned
- where a monthly SWP is opted for, the SWP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the month concerned **and**
- where a quarterly SWP is opted for, the SWP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the last month of the rolling quarter concerned.

##### ii) Appreciation

Under this alternative, a Unit Holder may withdraw on a weekly, monthly or quarterly basis, an amount equal to the weekly, monthly or quarterly appreciation, as the case may be, on his/her/its investment in the Scheme, provided the appreciation is at least Rs. 1000/-. Therefore, the number of Units redeemed will be in proportion to the appreciation in investment over the week, month or quarter concerned, as the

case may be. Where, in any week, month or quarter, there is no appreciation in investment, or the appreciation is less than Rs. 1000/-, the withdrawal, as mentioned above, will not be carried out.

The 'SWP Date' under this alternative will be as under. However, the first withdrawal may be of a date earlier than the SWP Date and the AMC may at its discretion based on processing capability, process the first transaction under SWP on a date before the SWP Date.

- a. where a weekly SWP is opted for, the SWP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> and 21<sup>st</sup>, for the period concerned
- b. where a monthly SWP is opted for, the SWP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the month concerned and
- c. where a quarterly SWP is opted for, the SWP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the last month of the rolling quarter concerned.

In case the SWP Date happens to be a non-Business Day, the transaction will be processed on the immediately succeeding Business Day. A Unit Holder will have the right to discontinue/modify the SWP any time he/she/it so desires, subject to giving 30 days prior notice to the Registrar. The Mutual Fund may terminate the SWP, if all the Units concerned are liquidated or withdrawn from the account or pledged or upon the Mutual Fund's receipt of notification of death or incapacity of the Unit Holder. In addition to the above, the Mutual Fund may, at its discretion and without any notice, redeem the balance Units in the Scheme (in a particular folio) if the value of the balance Units in the Scheme (in a particular folio) falls below Rs. 5000/- and at least 6 months have elapsed since his/her/its first investment in the Scheme. The Investment Manager may change the rules relating to this facility from time to time.

Illustrated below is the mechanism of an SWP, using hypothetical figures. For easy understanding of the investor, the illustrations have been worked out assuming nil exit load.

(i) Fixed Amount

Suppose a Unit Holder desires to withdraw a fixed amount of Rs.2000/- from the Scheme on the 1<sup>st</sup> of each month, for a period of 6 months starting September, he/she/it could opt for a monthly SWP as follows:

Date	Opening Balance of Units (a)	Redemption Price on the Date of Redemption (Rs.) (b)	Amount Redeemed (Rs.) (c)	No. of Units Redeemed (d) = (c/b)	Closing Balance of Units (e) = (a-d)
1 <sup>st</sup> Sep	5000.000	22.000	2,000.00	90.909	4909.091
1 <sup>st</sup> Oct	4909.091	22.300	2,000.00	89.686	4819.405
1 <sup>st</sup> Nov	4819.405	22.950	2,000.00	87.146	4732.259
1 <sup>st</sup> Dec	4732.259	23.250	2,000.00	86.022	4646.237
1 <sup>st</sup> Jan	4646.237	23.580	2,000.00	84.818	4561.420
1 <sup>st</sup> Feb	4561.420	24.050	2,000.00	83.160	4478.260

(ii) Appreciation

Suppose a Unit Holder who has invested 5000 Units in the Scheme, the value of which at an NAV of Rs. 22.0000 is Rs. 110,000.00 on 1st August, desires to withdraw the monthly appreciation on such investment for a period of 6 months starting 1st September, he/she/it could opt for a monthly SWP, as under:

Date	Opening Balance of Units (a)	NAV on the Date of Redemption (Rs.) (b)	Value on the Date of Redemption (Rs.) (c) = (a*b)	Amount Redeemed (Rs.) (d) = (c-Rs.)	No. of Units Redeemed (e) = (d/b)	Closing Balance of Units (f) = (a-e)	Value after the Redemption (Rs.) (g) = (f)*(b)
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				110,000)			
1st Sep	5,000.000	22.3000	111,500.00	1,500.00	67.265	4,932.735	110,000.00
1st Oct	4,932.735	22.9500	113,206.28	3,206.28	139.707	4,793.028	110,000.00
1st Nov	4,793.028	23.2500	111,437.91	1,437.91	61.846	4,731.183	110,000.00
1st Dec	4,731.183	23.5800	111,561.29	1,561.29	66.212	4,664.970	110,000.00
1st Jan	4,664.970	24.0500	112,192.54	2,192.54	91.166	4,573.805	110,000.00
1st Feb	4,573.805	24.5200	112,149.69	2,149.69	87.671	4,486.134	110,000.00

### (iii) Systematic Transfer Plan (STP)

During the Continuous Offer, a Unit Holder who has a minimum balance of Rs. 25,000/- in the Scheme (in a particular folio) may transfer, through STP, part of his/her/its investment in the Scheme (in the said folio) into any other scheme of the Mutual Fund on a weekly, monthly or quarterly basis, and the request should be for at least 6 such transfers. The transfer will be effected by way of a switch, i.e. redemption of Units from the Scheme and investment of the proceeds thereof, in the other scheme, at the then prevailing terms of both schemes. Therefore, all provisions pertaining to Inter-scheme switching will apply to an STP (Please refer to "Switching" for detailed provisions on switching). Also, all provisions pertaining to Exit Load in an STP transaction will be same as applicable for purchase or redemption of investment made through SIP. All transactions by way of STP shall, however, be subject to the terms (other than minimum application amount) of the target scheme.

A Unit Holder may avail of STP by ticking the appropriate box in the application form and filling up the STP form, specifying therein the 'STP Date' and period and the STP enrolment will be registered within three days of receipt at the office of the Registrar in Chennai. Where the mode of holding is "any one or survivor", any of the joint holders may issue a systematic transfer instruction, as above, and such instruction shall be binding on all the joint owners. Unit Holders should note that they can opt for an STP only if they have returned Unit certificates, if any, issued to them.

To start an STP, the Unit Holder should submit the STP form at least 7 days prior to the desired STP date. To discontinue the STP, the Unit Holder should provide at least 30 days written notice to the Registrar at its office in Chennai.

A Unit Holder who opts for an STP has the choice of switching (i) a fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme from which the transfer is sought, as detailed below:

#### i) Fixed Amount

Under this alternative, a Unit Holder may switch a fixed amount of at least Rs. 1000/- per transaction and the 'STP Date' for the switch will be as under. However, the first transfer may be of a date earlier than the STP Date and the AMC may at its discretion based on processing capability, process the first transaction under STP on a date before the STP Date.

- where a weekly STP is opted for, the STP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> and 21<sup>st</sup>, for the period concerned
- where a monthly STP is opted for, the STP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the month concerned and
- where a quarterly STP is opted for, the STP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the last month of the rolling quarter concerned.

#### ii) Appreciation

Under this alternative, a Unit Holder may switch on a weekly, monthly or quarterly basis, an amount equal to the weekly, monthly or quarterly appreciation, as the case may be, on his/her/its investment in the Scheme from which transfer is sought, provided the appreciation is at least Rs. 1000/-. Therefore, the

number of Units transferred will be in proportion to the appreciation in investment over the week, month or quarter concerned, as the case may be. Where, in any week, month or quarter, there is no appreciation in investment, or the appreciation is less than Rs. 1000/-, the switch, as mentioned above, will not be carried out.

The 'STP Date' under this alternative will be as under. However, the first transfer may be of a date earlier than the STP Date and the AMC may at its discretion based on processing capability, process the first transaction under STP on a date before the STP Date.

- a) where a weekly STP is opted for, the STP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> and 21<sup>st</sup>, for the period concerned
- b) where a monthly STP is opted for, the STP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the month concerned **and**
- c) where a quarterly STP is opted for, the STP Date shall be the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 21<sup>st</sup>, as the case may be, of the last month of the rolling quarter concerned.

In case the STP Date happens to be a non-Business Day, the transaction will be processed on the day which is the immediately succeeding Business Day for both the schemes. The Mutual Fund may terminate the STP, if all the Units concerned are liquidated or withdrawn from the account or pledged or upon the Mutual Fund's receipt of notification of death or incapacity of the Unit Holder. In addition to the above, the Mutual Fund may, at its discretion and without any notice, redeem the balance Units in the Scheme (in a particular folio) if the value of the balance Units in the Scheme (in that particular folio) falls below Rs. 5000/- and at least 6 months have elapsed since his/her/its first investment in the Scheme.

The Investment Manager may change the rules relating to this facility from time to time. Unit Holders are requested to read the SID of the respective schemes to which STPs are requested before indicating the choice of STP.

Illustrated below is the mechanism of an STP, using hypothetical figures. For easy understanding of the investor, the illustrations have been worked out assuming nil exit load.

(i) Fixed Amount

Suppose a Unit Holder desires to transfer a fixed amount of Rs. 2,000/- from DSP BlackRock Opportunities Fund (DSPBROF) to the Scheme for a period of 6 months on the 1st of each month starting September, he/she/it could opt for a monthly STP as follows:

DSPBROF

Date	Opening Balance of Units (a)	Redemption Price on the Date of Transfer (Rs.) (b)	Amount Redeemed (Rs.) (c)	No. of Units Redeemed (d) = (c/b)	Closing Balance of Units (e) = (a-d)
1 <sup>st</sup> Sep	5000.000	22.000	2,000.00	90.909	4909.091
1 <sup>st</sup> Oct	4909.091	22.300	2,000.00	89.686	4819.405
1 <sup>st</sup> Nov	4819.405	22.950	2,000.00	87.146	4732.259
1 <sup>st</sup> Dec	4732.259	23.250	2,000.00	86.022	4646.237
1 <sup>st</sup> Jan	4646.237	23.580	2,000.00	84.818	4561.420
1 <sup>st</sup> Feb	4561.420	24.050	2,000.00	83.160	4478.260

DSPBRF25F

Date	Amount Invested (Rs.) (f)	Purchase Price on the Date of Transfer (Rs.) (g)	No. of Units Allotted (h) = (f/g)	Closing Balance of Units (i)
1 <sup>st</sup> Sep	2,000.00	20.0000	100.000	100.000
1 <sup>st</sup> Oct	2,000.00	20.2000	99.010	199.010
1 <sup>st</sup> Nov	2,000.00	20.5500	97.324	296.334
1 <sup>st</sup> Dec	2,000.00	20.9800	95.329	391.662

1 <sup>st</sup> Jan	2,000.00	21.2500	94.118	485.780
1 <sup>st</sup> Feb	2,000.00	21.5400	92.851	578.631

(ii) Appreciation

Suppose a Unit Holder who has invested 5000 Units in DSPBROF, the value of which at an NAV of Rs. 22.000 is Rs. 110,000.00 on 1st August, desires to transfer the monthly appreciation on such investment to the Scheme for a period of 6 months starting 1st September, he/she/it could opt for a monthly STP as follows:

DSPBROF

Date	Opening Balance of Units (a)	NAV on the Date of Transfer (Rs.) (b)	Value on the Date of Transfer (Rs.) (c) = (a*b)	Amount Redeemed (Rs.) (d) = (c - Rs. 110,000)	No. of Units Redeemed (e) = (d/b)	Closing Balance of Units (f) = (a-e)	Value after the Transfer (Rs.) (g) = (f)*(b)
1 <sup>st</sup> Sep	5,000.000	22.300	111,500.000	1,500.00	67.265	4,932.735	110,000.00
1 <sup>st</sup> Oct	4,932.735	22.950	113,206.268	3,206.27	139.707	4,793.028	110,000.00
1 <sup>st</sup> Nov	4,793.028	23.250	111,437.901	1,437.90	61.845	4,731.183	110,000.00
1 <sup>st</sup> Dec	4,731.183	23.580	111,561.295	1,561.30	66.213	4,664.970	110,000.00
1 <sup>st</sup> Jan	4,664.970	24.050	112,192.529	2,192.53	91.165	4,573.805	110,000.00
1 <sup>st</sup> Feb	4,573.805	24.520	112,149.699	2,149.70	87.671	4,486.134	110,000.00

DSPBRMCF

Date	Opening Balance of Units (h)	Amount Invested (Rs.) (i)	Purchase Price on the Date of Transfer (Rs.) (j)	No. of Units Allotted (k) = (i/j)	Closing Balance of Units (l)
1 <sup>st</sup> Sep	5,000.00	1,500.00	20.000	75.000	5,075.000
1 <sup>st</sup> Oct	5,075.00	3,206.27	20.200	158.726	5,233.727
1 <sup>st</sup> Nov	5,233.73	1437.90	20.550	69.971	5,303.698
1 <sup>st</sup> Dec	5,303.70	1,561.30	20.980	74.418	5,378.116
1 <sup>st</sup> Jan	5,378.12	2,192.53	21.250	103.178	5,481.294
1 <sup>st</sup> Feb	5,481.29	2,149.70	21.540	99.800	5,581.094

Note : SIP/STP/SWP facilities are currently not available to investors who wish to transact through the stock exchange mechanism

(iv) Switching

A switch has the effect of redemption from one scheme/option and purchase in the other scheme/option to which the switching has been done. During the Continuous Offer, Unit Holders can switch their Units in the Scheme from any other scheme of the Mutual Fund (i.e. switch out) and can switch their Units in any other scheme of the Mutual Fund into the Scheme (i.e. switch in).

To effect a switch, a Unit Holder must provide clear instructions. Such instructions may be provided in writing or by completing the transaction slip/form attached to the account statement or telephonically, by providing PIN number. The switch request can be made for any amount of Rs. 500/- or more. A Unit Holder may request switch of a specified amount or a specified number of Units only. If the Unit Holder has

specified both the amount (in Rs.) and the number of Units, switch - out of units will be carried out based on the number of units specified by the Unit Holder.

Valid switch applications received and time-stamped upto the relevant cut-off time on any Business Day will be considered accepted on that Business Day, subject to the request being complete in all respects and provided the day is a Business Day for both the switch in and switch out schemes. When a switching request is received after the relevant cut - off time, the request will be deemed to have been received on the next day which is a Business Day for both the schemes. The switch will be effected by way of redemption of Units of the relevant scheme/option and reinvestment of the redemption proceeds in the other scheme/option selected by the Unit Holder on the prevailing terms of the said scheme/option. Applications for 'switch-in' shall be treated as purchase applications and the Applicable NAV based on the cut-off time for purchase shall be applied. Applications for 'switch-out' shall be treated as redemption applications and the Applicable NAV based on the cut off time for redemption shall be applied.

All allotments will be provisional, subject to realization of payment instrument and subject to the AMC having been reasonably satisfied that the Mutual Fund has received clear funds. Any redemption or switch-out transaction in the interim is liable to be rejected at the sole discretion of the AMC.

An account statement reflecting the new holding will be despatched to the Unit Holder within 3 Business Days of the completion of the switch transaction. For details on provision pertaining to despatch of account statement, please see section, '10. Account Statement'.

#### **(a) Inter-Scheme Switching**

Unit Holders will have the option of switching all or part of their investment in the Scheme to any other scheme(s) established by the Mutual Fund, which is/are available for investment at that time. The switch will be effected by way of a redemption of Units from the Scheme and re-investment of the redemption proceeds in the other scheme(s) selected by the Unit Holder at the prevailing terms of the Scheme to which the switch is taking place.

The price at which the Units will be switched out of the Scheme will be based on the Redemption Price on the Business Day of acceptance of switching request and the net proceeds will be invested in the other scheme(s) at the prevailing Purchase Price for Units in that/those scheme(s). Please see Section. 'VI. B. 4. Redemption Price'.

#### **(b) Inter-Plan Switching**

Unit Holders will have the option to switch all or part of their investment(s) from one plan of the Scheme to the other plan. The switch will be effected by way of a redemption of Units of the relevant plan of the Scheme and re-investment of the redemption proceeds in the other plan on the prevailing terms of that plan.

The price at which the Units will be switched out of the plan will be at the Applicable NAV on the Business Day of acceptance of switching request and the net proceeds will be invested in the other plan at the prevailing Purchase price for Units in that plan.

Note : Switch facility is not available in the stock exchange mechanism. Investors may change schemes by routing the transaction as a normal and buy sell transaction through the stock exchange mechanism.

#### **(v) Personal Identification Number (PIN)**

For the convenience of investors, the Mutual Fund provides the facility of transacting over telephone, and may also start the facility of Internet transactions. To use these facilities, a Unit Holder needs to have a secured PIN. Investors can apply for a PIN by filling up and signing the relevant portion in the application form or in the common transaction form, available with the ISCs and the website of the Mutual Fund.

By signing the relevant form, the Unit holder/s expressly agrees to have read and understood the following terms and conditions related to PIN issuance by the AMC/Registrar and PIN usage by the Unit holder/s:

- If the mode of holding is 'Single' or 'Anyone or survivor', the facility will be available to the Unit Holder for all transactions permitted. However, if the mode of holding is 'Joint' and the PIN is requested by all Unit holders by duly signing the form, it will be deemed to be an express instruction to the AMC / Registrar to change the mode of holding to 'Anyone or survivor' so that transaction facilities through PIN is available to all holders.

- The AMC/Registrar will send the PIN to the first Unit Holder using secure, tamper proof stationery to the registered address of the sole / first holder through reputed courier agency, or post entirely at the risk of the Unit Holder(s).
- While receiving the PIN, the Unit Holder(s) should ensure that it is received in a sealed envelope. In case the Unit Holder (s) has/have any doubt that the seal has been tampered with, he/they should immediately inform the Registrar.
- Unit Holders may currently use the PIN to avail of the various services offered through the call centre. Such PIN may also be used on the website of the Mutual Fund or any other website, as and when the AMC starts offering any such facility.
- The AMC/Registrar will not be in a position to verify the user of the PIN and therefore, shall not be responsible or shall not be liable for any transactions arising out of misuse of the PIN by any of the Unit Holder(s) or any other third party.
- Unit Holders may use the PIN to carry out one or more of the following types of transactions, including transactions as may be permitted by calling the Call Centre or accessing the website as and when such facility is offered:
  - Redemption
  - Switch
  - Static data changes viz. change of address, change of bank mandate, etc.
  - Any other service which the AMC may decide to offer, from time to time.
- This facility is not offered to categories of Unit Holders who transact through a Power of Attorney or through arrangements via brokers/distributors. The AMC reserves the right to reject the issue of PIN to such Unit Holder.
- The Unit Holder will be asked for PIN verification before the request is accepted. In the interest of the Unit Holder, the Mutual Fund reserves the right to ask for a fax confirmation of the request and any additional information about the account of the Unit Holder.
- The Unit Holder (s) shall not disclose the PIN to any person nor should the PIN be written down where any other person may discover it.
- The Mutual Fund or the Registrar shall not take any liability or responsibility arising out of the unauthorized usage of the PIN or unauthorized transactions conducted by using the PIN facility. All transactions with the use of the PIN will be the sole responsibility of the Unit Holder(s). The Unit Holder(s) shall indemnify the Registrar, the Mutual Fund and/or the AMC for all liabilities, losses, damages and expenses which they may sustain or incur directly or indirectly as a result of:
  - Providing the facility of carrying out transactions, as available, over the telephone or internet,
  - Fraud or dishonesty relating to any transaction using PIN,
  - Non compliance of terms and conditions relating to transactions over telephone or internet using the PIN,
  - Any transactions that are carried out on the basis of instructions over the telephone/internet, given by unauthorized persons by gaining access to PIN,
  - Any loss or damage incurred or suffered by the Unit Holder's due to any error, defect, failure or interruption in the provision of this facility arising from or caused by any reason whatsoever.
- It shall be the sole responsibility of the Unit Holder (s) to ensure adequate protection and confidentiality of the PIN and any disclosure thereof to any other person shall be entirely at the risk of the Unit Holder's. Unit Holder (s) should report the loss of the PIN immediately upon discovery of such an event.
- In the event of loss of PIN by the Unit Holder or due to Unit Holder having forgotten the PIN, a request for issue of a duplicate PIN shall be considered only on receipt of a written request from the Unit Holder, subject to signature verification/validation.
- The Unit Holder(s) shall take complete responsibility for all transactions conducted by using the PIN and the Unit Holder(s) will abide by the record of transactions generated by the Mutual Fund or the Registrar.
- The Mutual Fund may, at its absolute discretion, issue a new PIN to Unit Holder(s) on these terms and conditions or such terms and conditions as the Mutual Fund may deem fit. The Mutual Fund may also discontinue this facility at any time in future or make changes in terms and conditions for telephone/internet transactions without assigning any reasons thereof and the Unit Holder agrees to be bound by the same.
- All records, whether in electronic form, magnetic medium, documents or any other with respect to instructions received for use of the PIN facility or instructions received through use of the facility shall be conclusive evidence of such instructions and shall be binding on the Unit Holder.

- The AMC shall not be responsible for any errors that may be committed by the user in the process of conducting any transaction through PIN.
- The Unit Holder(s) shall give a 30 days notice to the Registrar in writing if he/she/it/they wish to terminate this facility.

**(vi) Pledge of Units for Loans**

Units can be pledged by the Unit Holders as security for raising loans, subject to any rules/restrictions that the Trustee may prescribe from time to time. The Registrar will take note of such pledge/charge in his records. A standard form for this purpose is available on request at any of the official points of acceptance of transactions.

**C. PERIODIC DISCLOSURES**

<p><b>Net Asset Value</b> (This is the value per unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance)</p>	<p>The NAVs of the Scheme will be calculated by the Mutual Fund on each Business Day and will be made available by 9 p.m. of the same Business Day. The information on NAVs of the Scheme may be obtained by the Unit Holders, on any day, by calling the office of the AMC or any of the Investor Service Centres at various locations. The Mutual Fund will publish the NAVs of the Scheme daily in at least two daily newspapers. Further, the Purchase and Redemption prices of Units will also be published in a daily newspaper on a daily basis. The NAV of the Scheme will also be updated on the AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a> and on <a href="http://www.dspblackrock.com">www.dspblackrock.com</a>.</p>					
<p><b>Half-yearly Disclosures: Portfolio</b> (This is a list of securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures)</p>	<p>Full portfolio in the prescribed format shall be disclosed either by publishing it in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head office of the Mutual Fund is situated or by sending it to the Unit Holders within one month from the end of each half-year, (i.e. March 31 and September 30). It shall also be displayed on <a href="http://www.dspblackrock.com">www.dspblackrock.com</a>.</p>					
<p><b>Half-Yearly Financial Results</b></p>	<p>The Mutual Fund shall, before the expiry of one month from the close of each half year, (i.e. March 31 and September 30), publish its unaudited financial results in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the head office of the Mutual Fund is situated. These shall also be displayed on <a href="http://www.dspblackrock.com">www.dspblackrock.com</a>.</p>					
<p><b>Annual Report</b></p>	<p>The annual report of the Scheme will be prepared and the Annual Report or an abridged summary of the annual report will be sent to all Unit Holders not later than four months from the date of the closure of the relevant financial year i.e. March 31 each year. Whenever the report is sent in an abridged form, the full annual report will be available for inspection at the registered office of the Trustee and a copy made available on request to the Unit Holders on payment of a nominal fee. These shall also be displayed on <a href="http://www.dspblackrock.com">www.dspblackrock.com</a>.</p>					
<p><b>Associate Transactions</b></p>	<p>Please refer to SAI.</p>					
<p><b>Taxation</b> (The information is provided for general information only. However, in view of the individual nature of the implications,</p>	<p><b>Tax Rates* under the Income Tax Act, 1961</b></p>			<p><b>TDS Rate under the Income Tax Act, 1961</b></p>		
	<p>Residents</p>	<p>NRIs/PIOs</p>	<p>FIs</p>	<p>Residents</p>	<p>NRIs/PIOs/ other Non FII non- residents</p>	<p>FIs</p>

each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme.)	Short Term capital Gain	15% on redemption of units where STT is payable on redemption (u/s 111A).	NIL	15% for non-residents non corporates /non resident corporates (u/s 195)	NIL
	Long Term capital Gain**	Exempt in case of redemption of units where STT is payable on redemption (u/s 10(38))	NIL		
<p>*plus surcharge as applicable:- In the case of a domestic company @7.5% and in case of a every company, other than a domestic company @ 2.5% (if their total income exceeds Rs. 100,00,000/-), No surcharge on firms, co-operative societies, local authorities Individuals/HUFs/BOIs/AOPs and Artificial juridical persons Plus education cess and secondary and higher education cess : 3%</p> <p>** Capital Gains on redemption of Units held for a period of more than 12 months from the date of allotment.</p> <p>The Finance (No.2) Act, 2009 has made an amendment to the effect that any income received by any person on behalf of the New Pension System Trust established on 27th day of February, 2008 under the provision of Indian Trust Act of 1882 shall be exempt from Income tax.</p> <p>Any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIIB (hereafter referred to as deductee) on or after 1/04/2010, shall furnish his Permanent Account Number to the person responsible for deducting such tax (hereafter referred to as deductor), failing which tax shall be deducted at the higher of the following rates, namely:</p> <ul style="list-style-type: none"> <li>(i) at the rate specified in the relevant provision of this Act; or</li> <li>(ii) at the rate or rates in force; or</li> <li>(iii) at the rate of twenty per cent.</li> </ul> <p>In case of investments by NRIs during NFO, at the time of redemption of units, TDS will be deducted at the applicable rate. However, in respect of those Unit Holders who have acquired the Units on the Stock Exchange post listing of units, the Unit Holders would need to provide a certificate from a Chartered Accountant certifying the details of acquisition of Units to the Fund within two days of maturity of the Scheme, so as to enable the Fund to deduct TDS at the applicable rates. In the event of such details not being provided, the Fund would deduct TDS on the redemption proceeds at the highest rate of TDS applicable.</p> <p><b>For further details on taxation please refer to the clause on Taxation in the SAI.</b></p>					
Investor services	<p>Mr. Gaurav Nagori has been appointed as the Investor Relations Officer. He can be contacted at DSP BlackRock Investment Managers Pvt. Ltd. The address and phone number is 11th Floor, West Wing, Tulsiani Chambers, Nariman Point, Mumbai 400 021; Phone: 022-6657 8000; Fax: 022-6657 8181.</p> <p>For any grievances with respect to transactions through stock exchange mechanism, Unit Holders must approach either their stock broker or the investor grievance cell of the respective stock exchange.</p>				

#### D. COMPUTATION OF NAV

NAV of Units under the Scheme may be calculated by either of the following methods shown below:

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

Or

$$\text{NAV (Rs.)} = \frac{\text{Unit Capital} + \text{Reserves and Surplus}}{\text{No. of Units outstanding under the Scheme}}$$

N.B. The aforesaid provisions pertaining to "Calculation of NAV", shall apply in respect of the Scheme.

The NAVs will be calculated as of the close of every Business Day and rounded off to three decimal places. The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

The first NAV will be calculated and announced within a period of 30 days after the close of the NFO period. Subsequently, the NAV will be announced on each Business Day.

**Note:** There will be more than one NAV, one for each option, after the declaration of the first dividend.

## SECTION VII - FEES AND EXPENSES

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

### A. NFO EXPENSES

NFO expenses were amortised over the period when the Scheme was close ended. Redemptions before the expiry of 36 months from the date of allotment were subject to an early exit charge. An early exit charge equivalent to the balance unamortized NFO expenses were recovered from the investor in case of redemption before expiry of 36 months from the date of allotment.

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 2.50% (Regular Plan)/1.45% (Institutional Plan) of the average weekly net assets of the Scheme, will be charged to the Scheme as expenses.

For actual current expenses being charged, the investor should refer to the website of the Mutual Fund.

The ongoing fees and expenses of operating the Scheme on an annual basis are estimated to be as follows:

Nature of Expense	Cost (as % of average weekly net assets) on a per annum basis	
	Regular Plan	Institutional Plan
Investment Management and Advisory Fees	1.25	1.25
Trustee Fee*	0.01	0.01
Custodian Fees	0.05	0.05
Audit Fee	0.02	0.02
Registrar & Transfer Agent Fees	0.12	0.02
Marketing & Selling Expenses including Agent Commission	1.00	0.05
Costs related to investor communications/providing Account Statements and dividend/redemption cheques and warrants	0.02	0.02
Costs of statutory Advertisements	0.02	0.02
Other expenses	0.01	0.01
<b>Total Recurring Expenses</b>	<b>2.50</b>	<b>1.45</b>

\*The Trusteeship fees as per the provisions of the Trust Deed are subject to a maximum of 0.02% of the average net Trust Funds per annum. It has been decided by the Trustee to charge the Trusteeship Fees in proportion to the net assets of each of the schemes of the Mutual Fund. The Trustee reserves the right to change the method of allocation of Trusteeship fees among various schemes, from time to time.

These estimates have been made in good faith as per the information available to the AMC, and the total expenses may be more than as specified in the table above. Expenses over and above the presently permitted regulatory limit of 2.50%, will be borne by the AMC.

The purpose of the above table is to assist the investor in understanding the various costs & expenses that an investor in the Scheme will bear directly or indirectly.

The above individual expenses are subject to inter-se change and may increase/decrease as per actuals within the total annual recurring expenses limit. The expenses are also subject to change on account of any change in SEBI (MF) Regulations.

Apart from these expenses, any other expenses which are directly attributable to the Scheme, except those expenses which are specifically prohibited, may be charged with the approval of the Trustee within the overall limits specified in the SEBI (MF) Regulations. The annual total of all charges and expenses of the Scheme, including investment management and advisory fees, but excluding brokerage, commissions, stamp duties and other (transaction) expenses, if any, directly associated with the purchase, sale and registration of transfer, if applicable, of the Scheme' s investment/securities and except for expenses associated with the NFO of the Units under the Scheme and also except expenses which are directly met/set off against sale, are subject to the following limits, given under Regulation 52 of the SEBI (MF) Regulations:

On the first Rs. 100 crore of the average weekly average net assets	2.50%
On the next Rs. 300 crore of the average weekly average net assets	2.25%
On the next Rs. 300 crore of the average weekly average net assets	2.00%
On the balance of the assets	1.75%

The above is the maximum limit under the Proviso to Regulation 52(6) of the SEBI (MF) Regulations, 1996 and includes investment management and advisory fees. The Mutual Fund will strive to reduce the level of these expenses so as to keep them well within the maximum limit allowed by SEBI, and expenses in excess of the above limit shall be borne by AMC.

### C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, investors may refer the website of the AMC [www.dspblackrock.com](http://www.dspblackrock.com) or call at 1800- 200-44-99 (toll free) or may contact their distributor.

Particulars	Load (as a % of Applicable NAV)
Entry Load	NIL
Exit Load (as a % of Applicable NAV) (Both Plans)	If the Units are redeemed within 12 months from the date of allotment - 1% If the Units are held for 12 months or more from the date of allotment - Nil

#### Note on load exemptions:

- (i) Exit Load (where applicable) will not be charged in case of switch between DSPBRMCF, DSP BlackRock Savings Manager Fund - Aggressive, DSP BlackRock Savings Manager Fund - Moderate, DSP BlackRock Savings Manager Fund - Conservative, any of the equity oriented, balanced and fund of funds schemes of the Mutual Fund.
- (iii) No load will be charged on issue of bonus Units and Units allotted on reinvestment of dividend for existing as well as prospective investors.

Exit Load/Contingent Deferred Sales Charge (CDSC) (if any) up to 1% of the redemption value charged to the Unit Holder by the Mutual Fund on redemption/switch-outs of Units shall be retained by the Scheme in a separate account and shall be utilized for payment of commission to the distributors and to take care of other marketing and selling expenses. Any amount in excess of 1% of the redemption value charged to the

Unit Holder as exit load/CDSC shall be credited to the Scheme immediately. Any excess amount, out of the amount retained by the Scheme in a separate account, after being utilized for expenses as permitted by SEBI, may be credited to the Scheme concerned, whenever felt appropriate by the AMC.

Investors may note that the Trustee has the right to modify the existing exit load structure, subject to maximum as prescribed under the SEBI (MF) Regulations. Any imposition or enhancement in the exit load shall be applicable on prospective investments only. At the time of changing the exit load structure, the AMC will adopt the following measures:

- (i) Addendum detailing the changes will be attached to the SID and Key Information Memorandum (KIM). The addendum may be circulated to all distributors/brokers so that the same can be attached to all SIDs and KIMs already in stock.
- (ii) Arrangements will be made to display the changes to the SID in the form of a notice in all the ISCs/offices of the AMC/Registrar.
- (iii) A public notice will be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.
- (iv) The introduction of the Exit Load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the statement of accounts issued after the introduction of such load.

Investors are advised to contact any of the Investor Service Centers or the AMC to know the latest position on Exit Load structure prior to investing in the Scheme.

No Exit Load will be charged, if the Units are redeemed at the discretion of the Mutual Fund, where the value of the balance Units in the Scheme (in a particular folio) falls below Rs. 5,000/- in case of Regular Plan and Rs. 50,00,0000 in case of Institutional Plan and at least 6 months have elapsed since his/her/its first investment in the Scheme.

## SECTION VIII - RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

## SECTION IX - PENALTIES AND PENDING LITIGATION

Penalties and pending litigation or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by any regulatory authority

1. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years:

NONE.

2. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party:

NONE.

3. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party:

NONE.

1. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency:

NONE.

Notwithstanding anything contained in this SID, the provisions of the SEBI (MF) Regulations, 1996 and the guidelines there under shall be applicable.

For DSP BlackRock Trustee Company Pvt. Ltd.  
Trustee: DSP BlackRock Mutual Fund

Place: Mumbai  
May 31, 2010

Sd/-  
**Shitin D. Desai**  
Chairman

Sd/-  
**S. S. Thakur**  
Director