



## **SCHEME INFORMATION DOCUMENT**

# **Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)**

(An open ended Index Exchange Traded Fund)

**Offer for Units having face value of Rs. 10/- per unit for cash at a premium approximately equal to the difference between face value and allotment price during the New Fund Offer Period and at NAV based prices during Continuous Offer**

**New Fund Offer Opens on: March 16, 2011**

**New Fund Offer Closes on: March 23, 2011**

**Scheme re-opens for continuous sale and repurchase  
on or before April 6, 2011**

Name of Mutual Fund	Motilal Oswal Mutual Fund
Name of Asset Management Company (AMC)	Motilal Oswal Asset Management Company Limited
Name of Trustee Company	Motilal Oswal Trustee Company Limited
Address	81/82, 8th Floor, Bajaj Bhavan, Nariman Point, Mumbai - 400 021
Website	<a href="http://www.motilaloswal.com/assetmanagement">www.motilaloswal.com/assetmanagement</a> <a href="http://www.mostshares.com">www.mostshares.com</a>

**The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document (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 the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of Motilal Oswal Mutual Fund, Tax and Legal issues and general information on [www.motilaloswal.com/assetmanagement](http://www.motilaloswal.com/assetmanagement) and [www.mostshares.com](http://www.mostshares.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.**

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

This SID is dated March 7, 2011.

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## HIGHLIGHTS/SUMMARY OF THE SCHEME

<b>Name of the Scheme</b>	<b>Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)</b>
<b>Type of the Scheme</b>	An open ended Index Exchange Traded Fund
<b>Investment Objective</b>	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 Index, subject to tracking error.  However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
<b>Investment</b>	The Scheme will invest in the securities which are constituents of NASDAQ-100 Index in the same proportion as in the Index.
<b>Liquidity</b>	<b>On the Exchange</b> The units of the Scheme can be bought/sold on all trading days on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd. (BSE) where the Scheme would be listed.  <b>Directly with the Mutual Fund</b> The Scheme offers units for subscription / redemption directly with the Mutual Fund in creation unit size.
<b>Benchmark</b>	NASDAQ-100 Index
<b>Transparency/NAV Disclosure</b>	The AMC will calculate and disclose the NAV of the Scheme on all business days. The NAV of the Scheme shall be published at least in two daily newspapers. The AMC will update the NAVs on its website <a href="http://www.motilaloswal.com/assetmanagement">www.motilaloswal.com/assetmanagement</a> and <a href="http://www.mostshares.com">www.mostshares.com</a> and also on AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a> before 9.00 p.m. on every business day. If the NAV is not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.  The AMC shall disclose the Portfolio of the Scheme within one month from the close of each half year (i.e. 31st March and 30th September) either by sending a complete statement to all the Unitholders or by publishing the same by way of advertisement 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. The portfolio statement will also be displayed on the website of the AMC and AMFI.  The AMC shall also make available the Annual Report of the Scheme within four months of the end of the financial year.
<b>Loads</b>	Entry Load: Not Applicable  Exit Load: Nil
<b>Minimum Application Amount</b>	<b>During NFO:</b> Rs. 10,000/- and in multiples of Re. 1/- each.  <b>Continuous Offer:</b> <b>On Exchange:</b> Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof. <b>Directly with the Mutual Fund:</b> Investors can buy/sell units of the Scheme in creation unit size.
<b>Face Value</b>	The face value of each unit of the Scheme will be Rs.10/-. On allotment, the value of each unit of the Scheme would be approximately equal to 1/1000th of the value of NASDAQ-100 Index.
<b>Listing</b>	The units of the Scheme are proposed to be listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd. (BSE).
<b>Dematerialization</b>	The units of the Scheme will be available in Dematerialization form only.

# I. INTRODUCTION

## RISK FACTORS

### Standard Risk Factors:

- Investment in Mutual Fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/value/interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on various factors and forces affecting the capital market.
- 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 sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 100,000 made by it towards setting up the Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

### Scheme Specific Risk Factors:

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

- **Risks associated with investing in Equities**
  - a. Investments in the equity shares of the Companies constituting the Index are subject to price fluctuation on daily basis. The volatility in the value of equity is due to various micro and macro economic factors like economic and political developments, changes in interest rates, etc. affecting the securities markets. This may have adverse impact on individual securities/sector and consequently on the NAV of Scheme.
  - b. The Scheme would invest in the securities comprising the Index in the same proportion as the securities have in the Index. Hence, the risk associated with the corresponding Index would be applicable to the Scheme. The Index has its own criteria and policy for inclusion/exclusion of securities from the Index, its maintenance thereof and effecting corporate actions. The Fund would invest in the securities of the Index regardless of investment merit, research, without taking a view of the market and without adopting any defensive measures. The Fund would not select securities in which it wants to invest but is guided by the Index. As such the Scheme is not actively managed but is passively managed.
  - c. As the units of the Scheme are proposed to be listed on the Stock Exchange, trading in the units of the Scheme may be halted due to market conditions or for reasons that in the view of the Exchange Authorities or SEBI. There could also be trading halts caused by extraordinary market volatility and pursuant to NSE/BSE and SEBI circuit filter rules and the Scheme would not be able to buy/sell securities in case of subscriptions/redemptions, which may impact the Scheme. Further, there can be no assurance that the requirements of the exchange necessary to maintain the listing of the Scheme will continue to be met or will remain unchanged.
  - d. Listing and trading of the units are undertaken on the Stock Exchanges within the rules, regulation and policy of the Stock Exchange and SEBI. Any change in trading rules, regulation and policy by the regulatory authority would have a bearing on the trading of the units of the Scheme and its prices.
  - e. Though the Scheme is proposed to be listed on the stock exchange, there is no assurance that an active secondary market will develop or be maintained. Hence, there would be times when trading in the units of the Scheme would be infrequent.

- f. The NAV of the Scheme reflect the valuation of its investment and any changes in market value of its investments would have a bearing on its NAV. When the units are traded on the Stock Exchange, the units of the Scheme may trade at prices which can be different from the NAV due to various factors like demand and supply for the units of the Scheme, perceived trends in the market outlook, etc.
- g. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities as in certain cases, settlement periods may be extended significantly by unforeseen circumstances. Similarly, the inability to sell securities held in the Scheme portfolio may result, at times, in potential losses to the Scheme, and there can be a subsequent decline in the value of the securities held in the Scheme portfolio.
- h. Investors should note that even though the Scheme is an open ended Scheme, subscription/redemptions directly with the Fund would be limited to such investors who have the ability to subscribe/redeem the units of the Scheme in specific lot sizes. Generally, these lot sizes are larger as compared to normal funds. Even though this Scheme is open ended due to large lot size, very few investors can directly subscribe and redeem the units of the Scheme with the Fund. However, investors wishing to subscribe/redeem units in other than specific lot sizes can do so by buying/selling the same on the Stock Exchange unless no quotes are available on the exchange for 3 trading days consecutively.
- i. Tracking error may arise due to various reasons like fees and expenses charged to the Scheme, dividend received, corporate actions, change in the Index, etc. Tracking error have an impact on the performance of the Scheme. The Scheme's returns may therefore deviate from those of its Index. However, the Fund would endeavor to keep the tracking error as low as possible.

- **Risk associated with investing in Foreign Securities**

- a. The Scheme will invest in foreign securities. Such overseas investments will be made subject to any / all approvals, conditions thereof as may be stipulated by SEBI / RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceiling of expenses.
- b. As per the SEBI (MF) Regulation, the Fund is permitted to invest USD 300 million. However, the overall limit for the Mutual Fund Industry is USD 7 billion. The Scheme therefore may or may not be able to utilise the limit of USD 300 million due to the USD 7 billion limit being exhausted by other Mutual Funds. Further, the overall ceiling for investment in overseas Exchange Traded Funds (ETFs) that invests in securities is USD 1 billion subject to a maximum of USD 50 million per mutual fund. As and when the investment limits are breached, the subscriptions into the Scheme shall be suspended till further notice by the AMC.
- c. As the Scheme will invest in securities which are denominated in foreign currencies, fluctuations in the exchange rates of these foreign currencies may have an impact on the income and value of the Fund. Thus, returns to investors are the result of a combination of returns from investments and from movements in exchange rates. Thus, the Indian rupee equivalent of the net assets, distribution and income may be adversely affected by changes in the exchange rates of respective foreign currencies relative to the Indian Rupee. Restrictions on currency trading that may be imposed by developing market countries will have an adverse effect on the value of the securities of companies

that trade or operate in such countries. The repatriation of capital to India may also be hampered by changes in the regulations concerning exchange controls or political circumstances as well as the application to it of other restriction on investment.

- d. The risk of investing in foreign securities carries an exchange rate risks related to depreciation of foreign currency and country risks. The country risks would include events such as change in regulations or political circumstances like introduction of extraordinary exchange rate controls, restrictions on repatriation of capital due to exchange rate controls, bilateral political tensions leading to immobilisation of overseas financial assets and the prevalent tax laws of the respective jurisdiction for the execution of trades or otherwise.
- e. The Scheme shall invest in securities listed on the overseas stock exchange. Hence all the risk factors pertaining to overseas stock exchange like market trading risk, liquidity risk and volatility risk, as mentioned earlier, are also applicable to the Scheme. The Scheme will also be exposed to settlement risk, as different countries have different settlement periods.
- f. Some countries prohibit or impose substantial restrictions on investments by foreign entities. Certain countries may restrict investment opportunities in issuers or industries or securities deemed important to national interests. The manner, in which foreign investors may invest in companies/securities in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of the Scheme. Certain risk arises from the inability of a country to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country which might adversely affect the interests of the Scheme.
- g. The Scheme may invest in the units of overseas mutual fund schemes including exchange traded funds. Hence scheme specific risk factors of such underlying schemes will be applicable. All risks associated with such schemes, including performance of their underlying stocks, derivative instruments, stock-lending, off-shore investments, liquidity, etc., will therefore be applicable in this Scheme. Investors who intend to invest in the Scheme are required to and deemed to have understood the risk factors of the underlying schemes.

- **Risks associated with Investing in Derivatives**

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 the 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.

Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Scheme may not be able to sell or purchase derivative quickly enough at a fair price. 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 Securities Lending**

Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent

securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

In case the Scheme undertakes stock lending as prescribed in the Regulations, it may, at times be exposed to counter party risk and other risks associated with the securities lending. Unitholders of the Scheme should note that there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities lent. The Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

As Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100) is an exchange traded fund, the provisions of minimum number of investors and maximum holding by the investor is not applicable as per SEBI Circular having reference no. SEBI/IMD/CIR NO 10/22701/03 dated December 12, 2003.

## **C. SPECIAL CONSIDERATIONS, IF ANY**

- Prospective investors should study this SID and SAI carefully in its entirety and should not construe the contents hereof as advise relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest/redeem/hold units.
- Neither this SID or SAI nor the units have been registered in any jurisdiction. The distribution of this SID or SAI in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, any person who comes into possession of this SID or SAI is required to inform themselves about and to observe any such restrictions and/or legal compliance requirements.
- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this SID or SAI or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the SID or SAI or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
- The tax benefits described in this SID and SAI are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India as on the date of this SID and the Unitholders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unitholder is advised to consult his / her own professional tax advisor.
- Dividends paid on the common or preferred stock of US companies in which the Scheme would invest are generally subject to US federal withholding tax at the applicable rate. The Scheme would receive dividend after such withholding tax. The Scheme shall claim the reduced rate of withholding under the Double Tax Avoidance Agreement between India and US, to the extent permitted.

- The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.
- Pursuant to the provisions of Prevention of Money Laundering Act, 2002 (PMLA), if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND (Financial Intelligence Unit – India) or such other authorities as prescribed under the rules/guidelines issued thereunder by SEBI and/or RBI 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/ Unitholder/ any other person.

#### Disclaimers:

##### 1. NASDAQ OMX Group, Inc.

The Product i.e. MOST Shares NASDAQ 100 is not sponsored, endorsed, sold or promoted by The NASDAQ OMX Group, Inc. or its affiliates (NASDAQ OMX, with its affiliates, are referred to as the "Corporations"). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Product. The Corporations make no representation or warranty, express or implied to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly, or the ability of the Nasdaq-100 Index® to track general stock market

performance. The Corporations' only relationship to Motilal Oswal Asset Management Company Ltd. ("Licensee") is in the licensing of the NASDAQ®, OMX®, NASDAQ OMX®, NASDAQ-100®, and NASDAQ-100 Index® registered trademarks, and certain trade names of the Corporations and the use of the NASDAQ-100 Index® which is determined, composed and calculated by NASDAQ OMX without regard to Licensee or the Product. NASDAQ OMX has no obligation to take the needs of the Licensee or the owners of the Product(s) into consideration in determining, composing or calculating the NASDAQ-100 Index®. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Product.

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#### D. DEFINITIONS

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

<b>Applicable NAV</b>	Unless stated otherwise in this document, 'Applicable NAV' is the Net Asset Value at the close of a Business / Working Day on which the purchase or redemption is sought by an investor and determined by the Fund.
<b>Asset Management Company / AMC / Investment Manager</b>	Motilal Oswal Asset Management Company Limited, a Company incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as the Asset Management Company for the Schemes of Motilal Oswal Mutual Fund.
<b>Authorised Participant</b>	Member of the Stock Exchanges having trading terminals on which the units of the Scheme are listed and who are appointed by the AMC to give two way quotes on the stock exchanges and who deal in creation unit size for the purpose of purchase and sale of units directly from the Mutual Fund.
<b>Business Day / Working Day</b>	Any day other than: (a) Saturday and Sunday (b) a day on which capital/debt markets in Mumbai are closed or are unable to trade for any reason (c) a day on which the Banks in Mumbai are closed or RBI is closed (d) a day on which both the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. are closed (e) a day which is public/Bank holiday at a collection centre/ investor service centre/official point of acceptance where the application is received (f) a day on which sale and repurchase of units is suspended by the Trustee/AMC (g) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or such other event as the AMC may specify from time to time. However, the AMC reserves the right to declare any day as the Business / Working Day or otherwise at any or all collection centres / investor service centre / official point of acceptance.
<b>Creation Unit</b>	It is the fixed number of units of the Scheme, which is exchanged for a basket of securities (constituent of the Index) called the "Portfolio Deposit" and a "Cash Component". For redemption of units it is vice versa, i.e. a fixed number of units of the Scheme and cash component are exchanged for Portfolio Deposit.
<b>Custodian</b>	A person who has been granted a certificate of registration to carry on the business of custodian of securities by SEBI under the SEBI (Custodian of Securities) Regulations, 1996 which for the time being is Citibank N.A.
<b>Depository</b>	A body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).

<b>Depository Participant</b>	A person registered as a participant under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
<b>Dividend</b>	Income distributed by the Mutual Fund on the units of the Scheme.
<b>Exit Load</b>	Load on repurchase / redemption of units.
<b>Exchange</b>	Recognized Stock Exchange(s) where the units of the Scheme is listed.
<b>Exchange Traded Fund / ETF</b>	A fund whose units are listed on an exchange and can be bought/ sold at prices quoted on the exchange or directly with the Fund in creation unit size.
<b>FII</b>	Foreign Institutional Investors (FII) means an institution established and incorporated outside India, and registered with SEBI under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
<b>Index Fund</b>	A mutual fund scheme, which invests in securities in the same proportion that constitute the Underlying Index.
<b>Investment Management Agreement / IMA</b>	Investment Management Agreement dated May 21, 2009, as amended from time to time, entered into between Motilal Oswal Trustee Company Ltd. and Motilal Oswal Asset Management Company Ltd.
<b>Large Investor</b>	For the purpose of subscription and redemption of units of the Scheme directly with the Fund, Investors who deal in creation unit size other than Authorised Participant.
<b>Load</b>	In case of subscription, the amount paid by the prospective investors on purchase of a unit (Entry Load) in addition to the Applicable NAV and in case of redemption, the amount deducted from the Applicable NAV on the redemption of unit (Exit Load). Presently, entry load cannot be charged by Mutual Fund scheme.
<b>Money market instruments</b>	Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, Collateralised Borrowing & Lending Obligation (CBLO), certificate of deposit, usance bills and any other like instruments as specified by the SEBI / RBI from time to time.
<b>Mutual Fund</b>	Motilal Oswal Mutual Fund, a trust set up under the provisions of Indian Trust Act, 1882 and registered with SEBI vide Registration no. MF/063/09/04.
<b>NASDAQ-100 Index</b>	NASDAQ-100 Index means an Index owned and operated by NASDAQ OMX.
<b>Net Asset Value / NAV</b>	Net Asset Value per unit of the Scheme calculated in the manner described in this SID or as may be prescribed by the SEBI Regulations from time to time.
<b>New Fund Offer / NFO</b>	Offer for purchase of units of the Scheme during the New Fund Offer Period as describe hereinafter.
<b>NFO Period</b>	The date on or the period during which initial subscription of units of the Scheme can be made i.e. March 16, 2011 to March 23, 2011 subject to extension, if any.
<b>RBI</b>	The Reserve Bank of India established under The Reserve Bank of India Act, 1934.
<b>Redemption/Repurchase</b>	Redemption of units of the Scheme as permitted
<b>Registrar and Transfer Agent</b>	Karvy Computershare Pvt. Ltd., Hyderabad, currently acting as registrar to the Scheme, or any other Registrar appointed by the AMC from time to time.
<b>Sale / Subscription</b>	Sale or allotment of units to the Unitholder upon subscription by the investor/applicant under the Scheme.
<b>Scheme</b>	Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100).
<b>Scheme Information Document / SID</b>	This document issued by Motilal Oswal Mutual Fund for offering units of the Scheme.
<b>SEBI</b>	Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992 as amended from time to time.
<b>SEBI Regulations</b>	SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
<b>Sponsor</b>	Motilal Oswal Securities Ltd.
<b>Statement of Additional Information / SAI</b>	The document issued by Motilal Oswal Mutual Fund containing details of Motilal Oswal Mutual Fund, its constitution and certain tax, legal and general information. SAI is legally a part of the SID.
<b>Tracking Error</b>	The extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Underlying Index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the Scheme, dividend payouts if any, all cash not invested at all times as it may keep a portion of funds in cash to meet redemption, purchase price different from the closing price of securities on the day of rebalance of Index, etc.
<b>Trustee</b>	Motilal Oswal Trustee Company Ltd., a Company incorporated under the Companies Act, 1956 and approved by SEBI to act as Trustee of the Schemes of Motilal Oswal Mutual Fund.
<b>Unit</b>	The interest of Unitholder which consists of each unit representing one undivided share in the assets of the Scheme.
<b>Unitholder / Investor</b>	A person holding unit(s) in the Scheme of Motilal Oswal Mutual Fund offered under this SID.

#### Interpretation:

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

- all references to the masculine shall include feminine and all reference to the singular shall include plural and vice-versa.
- all references to “dollars” or “\$” refer to the Unites States Dollars and “Rs” refer to the Indian Rupees. A “crore” means “ten million” and a “lakh” means a hundred thousand.
- all references to timings relate to Indian Standard Time (IST).

## **E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- (i) the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) 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.
- (iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed Scheme.
- (iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For **Motilal Oswal Asset Management Company Limited**  
(Asset Management Company for Motilal Oswal Mutual Fund)

*Sd/-*

**SARIKA SHAH**  
*Compliance Officer*

Place : Mumbai  
Date : March 7, 2011

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

An open ended Index Exchange Traded Fund.

### B. INVESTMENT OBJECTIVE

The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 Index subject to tracking error.

However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

### C. ASSET ALLOCATION

Under normal circumstances, the asset allocation pattern of the Scheme would be as follows:

Instruments	Indicative allocations (% of total assets)		Risk Profile High/ Medium/Low
	Minimum	Maximum	
Securities constituting NASDAQ-100 Index	95	100	Medium to High
Overseas Debt and Money market instruments and cash at call, mutual fund schemes or exchange traded funds based on NASDAQ-100 Index	0	5	Low to Medium

The above stated percentages are indicative and not absolute.

The Scheme may take an exposure to derivatives of the Underlying Index or constituents of the Underlying Index for short duration when the securities of the Underlying Index are unavailable, insufficient or for rebalancing at the time of change in Underlying Index or in case of corporate actions. The total exposure to derivatives would be restricted to 10% of the net assets of the Scheme. The aggregate asset allocation including exposure to derivatives will not exceed 100% of net assets of the Scheme. The margin paid for derivative instruments will form part of Debt and Money market Instruments. All overseas investments mentioned above would comply with the provisions of SEBI Circular dated September 26, 2007 and such circulars issued from time to time.

### D. INVESTMENT BY THE SCHEME

#### Investment in Equity and equity related Instruments

The Scheme will invest in the securities which are constituents of NASDAQ-100 Index. The securities are traded on The NASDAQ Stock Market. As per SEBI Circular No. SEBI/IMD/ CIR No.7/104753/07 dated September 26, 2007, the limits for overseas investment is subject to a maximum of USD 300 million per mutual fund. As and when this limit is revised or modified, the Fund shall adopt such new limits. The investment restrictions and the limits as per SEBI (Mutual Funds) Regulations, 1996 are mentioned under the section 'Investment Restrictions'. The investment in NASDAQ-100 constituents would be in USD equivalent to the amount received in INR by the Scheme.

#### Investment in Debt and Money market instruments

The Scheme may also invest in overseas debt and money market instruments. As per SEBI Circular No. SEBI/IMD/ CIR No.7/104753/07 dated September 26, 2007, the limits for overseas investment is subject to a maximum of US\$ 300 million per mutual fund. As and when this limit is revised or modified, the Fund shall adopt such new limits. The investment restrictions and the limits are specified in the Schedule VII of SEBI (Mutual Funds) Regulations, 1996 which are mentioned in the section 'Investment Restrictions'.

#### Investment in units of overseas mutual fund schemes

The Scheme may invest in units of mutual fund schemes including Exchange Traded Funds which are based on NASDAQ-100 Index and shall comply with the provisions of SEBI circular dated September 26, 2007 and such circulars issued from time to time. As per SEBI Circular no. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, the limits for overseas investment is subject to a maximum of USD 300 million per mutual fund and the limits for investments in overseas Exchange Traded Funds that invest in securities is subject to a maximum of USD

50 million per mutual fund. As and when this limit is revised or modified, the Fund shall adopt such new limits.

As mentioned under SEBI Regulations, the restriction on the investments in mutual fund units upto 5% of net assets and prohibiting charging of fees on the same, shall not be applicable to investments in mutual funds units in foreign countries. However, the management fees and other expenses charged by the mutual fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual funds, the same principle shall be applicable for that part of investment.

#### Investment in Derivatives Instrument

The Scheme may take an exposure to derivatives of the Underlying Index or constituents of the Underlying Index for short duration when the securities of the Underlying Index are unavailable, insufficient or for rebalancing at the time of change in Underlying Index or in case of corporate actions. The total exposure to derivatives would be restricted to 10% of the net assets of the Scheme. The aggregate asset allocation including exposure to derivatives will not exceed 100% of net assets of the Scheme.

The Scheme may use derivative instruments such as index futures and options, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objective of the Scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the scheme's investment objective. Notwithstanding the pricing, they can help in reducing the Tracking Error in the Scheme. Index futures/options may avoid the need for trading in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the individual stocks. Index futures/options can also be helpful in reducing the transaction costs and the processing costs on account of ease of execution of one trade compared to several trades of shares comprising the Underlying Index and will be easy to settle compared to physical portfolio of shares representing the Underlying Index.

In case of investments in index futures/options, the risk/reward would be the same as investments in portfolio of shares representing an index. However, there may be a cost attached to buying an index future/option. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. This settlement risk is likely to be minimized if the exchange acts as the clearing corporation and the counter party, as is the practice in the developed markets. The Scheme will not maintain any leveraged or trading positions.

#### Limit for investment in derivatives instruments

In accordance with SEBI circulars nos. DNP/Cir-29/2005 dated September 14, 2005, DNP/Cir-30/2006 dated January 20, 2006 and SEBI/DNP/Cir-31/2006 dated September 22, 2006, the following conditions shall apply to the Scheme's participation in the derivatives market. The investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

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

- The Mutual Fund's position limit in all index options contracts on a particular Underlying Index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, 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 index futures contracts**
- The Mutual Fund's position limit in all index futures contracts on a particular Underlying Index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, 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 for the Mutual Fund:**  
 In addition to the position limits at point (i) and (ii) above, the 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 position limit for the Fund in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts shall be as follows:

- 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:**

- For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of the Scheme 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).
- This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a stock exchange.

As and when SEBI amends the 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. INVESTMENT STRATEGY

The Scheme employs an investment approach designed to track the performance of NASDAQ-100 Index. The Scheme seeks to achieve this goal by investing in securities constituting NASDAQ-100 Index in same proportion as in the index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in overseas debt and money market instruments to meet the liquidity and expense requirements. The Scheme may also take exposure in derivative instruments in order to minimize the tracking error.

### Risk Control

Risk is an inherent part of the investment function. Effective Risk management is critical to fund management for achieving financial soundness. Investment by the Scheme would be made as per the investment objective of the Scheme and in accordance with SEBI Regulations. AMC has adequate safeguards to manage risk in the

portfolio construction process. Risk control would involve managing risk in order to keep in line with the investment objective of the Scheme. The risk control process would include identifying the risk and taking proper measures for the same. Further, AMC has implemented Bloomberg Portfolio Order Management System as the Front Office System for managing risk. The system has incorporated all the investment restrictions as per the SEBI guidelines and enables identifying and measuring the risk through various risk management tools like various portfolio analytics, risk ratios, average duration and analyses the same and acts in a preventive manner. The AMC will appoint at least two Authorised Participant's who would endeavour to provide liquidity of the units of the Scheme on the exchange at all times.

### Portfolio Turnover

Portfolio Turnover is defined as the lower of sales or purchase divided by the average corpus during a specified period of time. Generally, Portfolio Turnover would depend upon the rebalancing of the portfolio due to change in composition of the Index or due to corporate actions of the securities constituting the Index.

### Investment by AMC in the Scheme

The AMC may invest in the Scheme during the New Fund Offer or on an ongoing basis in accordance with the SEBI (MF) Regulations. The AMC shall not charge investment management fees on investment by the AMC in the Scheme.

### Investment of Subscription Money

The Mutual Fund / AMC shall commence investment out of the NFO proceeds received in accordance with the investment objectives of the Scheme only on or after the closure of the NFO period.

### Securities Lending

Securities Lending is lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

The Scheme may lend securities from its portfolio in accordance with the Regulations and the applicable SEBI guidelines. Securities' lending shall enable the Scheme to earn income that may partially offset its expenses and thereby reduce the effect these expenses have on the Scheme's ability to provide investment returns that correspond generally to the performance of its Index. The Scheme will pay reasonable administrative and custodial fees in connection with the lending of securities. The Scheme will be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities. The Scheme share of income from the lending collateral will be included in the Scheme's gross income. The Fund will comply with the conditions for securities lending specified by SEBI Regulations and circulars issued from time to time.

The maximum exposure of each Scheme to a single intermediary in the stock lending programme at any point of time would be limited to 50% of the market value of its equity portfolio or upto such limits as may be specified by SEBI. Each Scheme will not lend more than 75% of its corpus.

### Tracking Error

Tracking error is defined as the standard deviation of the difference between the daily returns of the Index and the NAV of the Scheme. Theoretically, the corpus of the Scheme has to be fully invested in the securities comprising the Index in the same proportion of weightage as the securities have in the Index. However, it is not possible to invest as per the objective due to reason that the Scheme has to incur expenses, corporate actions pertaining to the securities constituting Index including changes to the constituents, regulatory policies, ability of the Fund Manager to closely replicate the Index, etc. The Scheme's returns may therefore deviate from those of its Index. Tracking Error may arise due to the following reasons: -

- Fees and expenses of the Scheme.
- Cash balance held by the Scheme due to dividend received, subscriptions, redemption, etc.
- Halt in trading on the stock exchange due to circuit filter rules.
- Corporate actions.

5. The Scheme has to invest in the securities in whole numbers and has to round off the quantity of securities shares.
6. Dividend payout.
7. Changes in the constituents of the underlying Index. Whenever there are any changes, the Scheme has to reallocate its investment as per the revised Index but market conditions may not offer an opportunity to rebalance its portfolio to match the Index and such delay may effect the NAV of the Scheme.

The AMC would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. During the first 12 months of the existence of the Fund, such tracking error is not expected to exceed 2%. Under normal market circumstances, such tracking error is not expected to exceed 2% p.a. However, in case of events like, market volatility during rebalancing of the portfolio following the rebalancing of the Underlying Basket or in abnormal market circumstances, the tracking error may exceed the above limits. For the purpose of calculating this tracking error, the Underlying Index will be converted into Indian Rupees using RBI reference rate for the day. The tracking error would be disclosed in the monthly fact sheet of the Scheme.

There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Index.

## 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 a Scheme: Open Ended Index Exchange Traded Fund
- (ii) Investment Objective:
  - Investment Objective: Please refer to section 'Investment Objective'.
  - Investment pattern: Please refer to section 'Asset Allocation'.
- (iii) Terms of Issue: Provisions with respect to listing, repurchase, redemption, fees and expenses are mentioned in the SID.

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

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

## G. BENCHMARK INDEX

The performance of the Scheme will be benchmarked to NASDAQ-100 Index. As the Scheme is an Index Scheme and would primarily invest in securities which are constituents of NASDAQ-100 Index, the said index is an appropriate benchmark for the Scheme.

The Trustees reserves the right to select an additional index for evaluation of performance of the Scheme from time to time in conformity with the investment objective and appropriateness of the benchmark subject to SEBI Regulations and to the prevailing guidelines, if any.

## H. FUND MANAGER

Mr. Rajnish Rastogi is the Fund Manager of the Scheme and is responsible for managing investments in all foreign securities of the Scheme.

Mr. Rastogi, aged 39 years, is a CFA Charter holder given by the CFA Institute, USA, a B.Tech. (Electrical Engineering) from Indian Institute of Technology, Delhi and an M.Tech. (Management & Systems) from Indian Institute of Technology, Delhi. He has 14 years of experience in the Financial Services Industry. Prior to joining Motilal Oswal Asset Management Company Limited, he was Director - Investments at HSBC

Private Equity Advisors (India) Pvt. Ltd., Mumbai. Earlier he had worked as Associate Director at IL&FS Investment Managers Ltd. between July 2006 to April 2008 where he was responsible for making private equity investments. He was Head Research at CRISIL Research between Jan 2004 to July 2006 and was responsible for Industry Research and Company Research undertaken by CRISIL. Between May 1999 to May 2003, he had worked at Alliance Bernstein LLP, New York, USA (NYSE AB) where he helped the firm make investment decisions for technology, telecom and healthcare sectors for its Strategic Value Fund and Advance Value Hedge Fund. At Motilal Oswal Asset Management Company Limited, he is designated as the Co-Head - Equities and is the Fund Manager of Motilal Oswal MOST Shares M50 ETF and Motilal Oswal MOST Shares Midcap 100 ETF.

## I. INVESTMENT RESTRICTIONS

The following are the investment restrictions as contained in the Seventh Schedule and amendments thereof to SEBI (MF) Regulations which are applicable to the Scheme at the time of making investments:

1. 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 a 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 the SEBI:

Provided further that a Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the 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.
2. The Mutual Fund shall get the securities purchased or transferred in the name of the Mutual Fund on account of the concerned scheme, wherever investments are intended to be of long-term nature.
3. The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.
4. Transfers of investments from one scheme to another scheme in the same Mutual Fund shall be allowed only if,
  - (a) such transfers are done at the prevailing market price for quoted instruments on spot basis.
 

[Explanation - "Spot basis" shall have same meaning as specified by stock exchange for spot transactions;]
  - (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
5. Pending deployment of funds of a Scheme in terms of investment objectives of the Scheme, the Mutual Fund may invest the funds of the scheme in short-term deposits of scheduled commercial banks, subject to such Guidelines may be specified by SEBI.
6. The Scheme shall not make any investment in :
  - (a) any unlisted security of an associate or group company of the sponsor; or
  - (b) any security issued by way of private placement by an associate or group company of the sponsor; or
  - (c) the listed securities of group companies of the sponsor which is in excess of 25 per cent of the net assets.
7. The Scheme shall not make any investment in any fund of funds scheme.
8. The Scheme shall not invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company :
 

**Provided** that, the limit of 10 per cent shall not be applicable for investments in case of index fund or sector or industry specific scheme.
9. The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended scheme and 10% of its NAV in case of close ended scheme.

10. The Mutual Fund may borrow to meet liquidity needs, for the purpose of repurchase, redemption of units or payment of interest or dividend to the Unitholders and such borrowings shall not exceed 20% of the net asset of the Scheme and duration of the borrowing shall not exceed 6 months. The Mutual Fund may borrow from permissible entities at prevailing market rates and may offer the assets of the Mutual Fund as collateral for such borrowing.

All investment restrictions shall be applicable at the time of making investments. The AMC/ Trustees from time to time may alter these investment restrictions in conformity with the SEBI Regulations, so as to permit the Scheme to make its investments in the full spectrum of permitted investments to achieve its investment objective.

#### Investments Limitations and Restrictions in Foreign Securities

Pursuant to the Reserve Bank of India guidelines, SEBI Regulations and Circulars, the following are the investment and other limitations as presently applicable to the Scheme. All the overseas investments by the Scheme and the Fund, however, will always be within the investment restrictions as specified under SEBI (Mutual Funds) Regulations, 1996, and as amended from time to time.

1. The aggregate ceiling for overseas investment is US \$7 billion.
2. Within the overall limit of US \$ 7 billion, mutual funds can make overseas investments subject to a maximum of US \$300 million per mutual fund.

The permissible investments in which the Scheme can invest in:

- i. ADRs/ GDRs issued by Indian or foreign companies
  - ii. Equity of overseas companies listed on recognized stock exchanges overseas
  - iii. Initial and follow on public offerings for listing at recognized stock exchanges overseas
  - iv. Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/ registered credit rating agencies
  - v. Money market instruments rated not below investment grade
  - vi. Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds
  - vii. Government securities where the countries are rated not below investment grade
  - viii. Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
  - ix. Short term deposits with banks overseas where the issuer is rated not below investment grade
  - x. Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets).
3. The overall ceiling for investment in overseas ETFs that invest in securities is US \$1 billion subject to a maximum of US \$ 50 million per Mutual Fund.

The restriction on the investments in mutual fund units upto 5% of net assets and prohibiting charging of fees on the same, shall not be applicable to investments in mutual funds units in foreign countries as per SEBI Regulations. However, the management fees and other expenses charged by the Fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the Scheme is investing only a part of the net assets in the foreign mutual funds, the same principle shall be applicable for that part of investment.

#### J. SCHEME PERFORMANCE

This Scheme is a new scheme and does not have any performance track record.

#### K. ABOUT NASDAQ-100 INDEX

NASDAQ-100 Index has been designed by NASDAQ OMX Group, Inc. A part of the NASDAQ family of indices, 25 year old, NASDAQ-100 Index includes 100 largest domestic (U.S.) and international non-financial securities listed on The NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

#### Calculation and Methodology

The NASDAQ-100 Index is calculated under a modified capitalization weighted methodology. NASDAQ review's the composition of the NASDAQ-100 Index on a quarterly basis and adjusts the weightings of Index components.

For more details, Investors can refer NASDAQ website [www.nasdaq.com](http://www.nasdaq.com).

#### Constituents and their Weights

The indicative constituents of NASDAQ-100 Index as on February 28, 2011 is detailed below:

Name of the Security	%Weight
Activision Blizzard Inc	0.578
Adobe Systems Inc	0.777
Akamai Technologies Inc	0.409
Altera Corp	0.782
Amazon.com Inc	2.402
Amgen Inc	1.158
Apollo Group Inc	0.285
Apple Inc	20.651
Applied Materials Inc	0.522
Autodesk Inc	0.449
Automatic Data Processing Inc	0.797
Baidu Inc/China	1.397
Bed Bath & Beyond Inc	0.798
Biogen Idec Inc	0.797
BMC Software Inc	0.447
Broadcom Corp	0.877
CA Inc	0.551
Celgene Corp	1.133
Cephalon Inc	0.190
Cerner Corp	0.353
CH Robinson Worldwide Inc	0.591
Check Point Software Technologies Ltd	0.437
Cisco Systems Inc	1.990
Citrix Systems Inc	0.674
Cognizant Technology Solutions Corp	1.013
Comcast Corp	1.587
Costco Wholesale Corp	0.777
Ctrip.com International Ltd	0.295
Dell Inc	0.450
DENTSPLY International Inc	0.229
DIRECTV	1.223
Dollar Tree Inc	0.306
eBay Inc	1.410
Electronic Arts Inc	0.238
Expedia Inc	0.325
Expeditors International of Washington I	0.492
Express Scripts Inc	1.247
F5 Networks Inc	0.374
Fastenal Co	0.369
First Solar Inc	0.491
Fiserv Inc	0.544

Name of the Security	%Weight
Flextronics International Ltd	0.320
FLIR Systems Inc	0.235
Garmin Ltd	0.252
Genzyme Corp	1.078
Gilead Sciences Inc	1.467
Google Inc	4.330
Henry Schein Inc	0.265
Illumina Inc	0.406
Infosys Technologies Ltd	0.345
Intel Corp	2.009
Intuit Inc	0.872
Intuitive Surgical Inc	0.568
Joy Global Inc	0.404
KLA-Tencor Corp	0.424
Lam Research Corp	0.293
Liberty Media Corp - Interactive	0.414
Life Technologies Corp	0.478
Linear Technology Corp	0.495
Marvell Technology Group Ltd	0.565
Mattel Inc	0.459
Maxim Integrated Products Inc	0.357
Microchip Technology Inc	0.268
Micron Technology Inc	0.508
Microsoft Corp	3.919
Millicom International Cellular SA	0.459
Mylan Inc/PA	0.485
NetApp Inc	0.968
NetFlix Inc	0.446
News Corp	1.030
NII Holdings Inc	0.327

Name of the Security	%Weight
NVIDIA Corp	0.643
O'Reilly Automotive Inc	0.358
Oracle Corp	3.220
PACCAR Inc	1.063
Paychex Inc	0.512
priceline.com Inc	1.004
QIAGEN NV	0.205
QUALCOMM Inc	5.032
Research In Motion Ltd	1.508
Ross Stores Inc	0.365
SanDisk Corp	0.525
Seagate Technology PLC	0.309
Sears Holdings Corp	0.394
Sigma-Aldrich Corp	0.324
Staples Inc	0.520
Starbucks Corp	1.562
Stericycle Inc	0.328
Symantec Corp	0.677
Teva Pharmaceutical Industries Ltd	1.889
Urban Outfitters Inc	0.262
VeriSign Inc	0.260
Vertex Pharmaceuticals Inc	0.384
Virgin Media Inc	0.391
Vodafone Group PLC	0.989
Warner Chilcott PLC	0.275
Whole Foods Market Inc	0.423
Wynn Resorts Ltd	0.707
Xilinx Inc	0.529
Yahoo! Inc	0.474

### III. UNITS AND OFFER

This section provides details you need to know for investing in the Scheme.

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

<p><b>New Fund Offer Period</b> This is the period during which a new scheme sells its units to the investors.</p>	<p>NFO opens on: March 16, 2011 NFO closes on: March 23, 2011 The AMC reserve the right to extend the NFO period, subject to the condition that NFO shall not be open for more than 15 days. Any such extension shall be announced by way of notice published in one daily newspaper.</p>																				
<p><b>New Fund Offer Price:</b> This is the price per unit that the investors have to pay to invest during the NFO.</p>	<p>The units being offered will have a face value of Rs. 10/- each and will be issued at a premium equivalent to difference between allotment price and the face value of Rs. 10/-.</p>																				
<p><b>Minimum Amount for Application in the NFO</b></p>	<p>Rs. 10,000/- and in multiples of Re.1/- thereafter.</p>																				
<p><b>Minimum Target amount</b> This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 business days, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the date of closure of the subscription list.</p>	<p>Rs. 1 Crore during the New Fund Offer.</p>																				
<p><b>Maximum Amount to be raised (if any)</b> This is the maximum amount which can be collected during the NFO period, as decided by the AMC.</p>	<p>The maximum amount to be raised shall be in accordance with the following SEBI Regulation. As per SEBI Regulation, there is an upper limit (currently the limit for all the schemes of the Mutual Fund put together is equivalent to USD 300mn) on the aggregate amount the schemes of the Mutual Fund can invest in overseas securities/units of overseas mutual funds. In the event the aforesaid limit prescribed by SEBI for overseas investments by all schemes of Motilal Oswal Mutual Fund put together is expected to be exceeded during the NFO of the Scheme, the NFO may be closed for further subscription.</p>																				
<p><b>Plans/Options Offered</b></p>	<p>The Scheme offers only Growth Option.</p>																				
<p><b>Dividend Policy</b></p>	<p>The Trustees may declare dividend subject to the availability of distributable surplus calculated in accordance with SEBI (MF) Regulations. The actual declaration of dividend and the frequency of distribution will be entirely at the discretion of the Trustees. The dividend would be paid to the Unitholders whose names appear in the Register of Unitholders as on the record date. There is no assurance or guarantee to the Unitholders as to the rate of dividend nor that the dividend would be paid regularly. If the Fund declares dividend, the NAV will stand reduced by the amount of dividend and dividend distribution tax (if applicable) paid. All the dividend payments shall be in accordance and compliance with SEBI &amp; NSE Regulations, as applicable from time to time.</p>																				
<p><b>Allotment</b></p>	<p>Subject to the receipt of the minimum subscription amount, allotment would be made to all the valid applications of the Unitholders received during the NFO Period. Allotment would be completed within 5 business days after the closure of the NFO. The units of the Scheme would be allotted at a price approximately equal to 1/1000th of the NASDAQ-100 Index on the allotment date.</p> <p><b>Example of allotment of units during the NFO</b></p> <table border="1" data-bbox="730 1480 1489 1693"> <tr> <td>Amount Collected (a)</td> <td>1,000,000,000.00</td> </tr> <tr> <td>Suppose Value of NASDAQ-100 Index as on Feb 28, 2011 (in USD) (b)</td> <td>2,350.99</td> </tr> <tr> <td>Assumed Exchange Rate (c)</td> <td>₹ 45.2708</td> </tr> <tr> <td>Allotment Price (1/1000th of NASDAQ-100 Index) <math>d = b \times c / 1000</math></td> <td>₹ 106.4312</td> </tr> <tr> <td>Units allotted <math>e = a / d</math></td> <td>9,395,741</td> </tr> </table> <p>All units would be allotted in whole numbers and no fractional units will be allotted. Hence, the number of units allotted would be rounded off to the earlier decimal.</p> <p><b>Example of Units allotted to the Investor</b></p> <table border="1" data-bbox="730 1816 1489 2018"> <tr> <td>Minimum Investment (a)</td> <td>10,000.00</td> </tr> <tr> <td>Allotment Price per unit (b)</td> <td>₹ 106.4312</td> </tr> <tr> <td>Number of units allotted rounded off (<math>c = a/b</math>)</td> <td>93.00</td> </tr> <tr> <td>Value of units allotted (<math>d = b \times c</math>)</td> <td>₹ 9,898.10</td> </tr> <tr> <td>Balance amount for fractional units refunded to investor (<math>e = a - d</math>)</td> <td>₹ 101.90</td> </tr> </table>	Amount Collected (a)	1,000,000,000.00	Suppose Value of NASDAQ-100 Index as on Feb 28, 2011 (in USD) (b)	2,350.99	Assumed Exchange Rate (c)	₹ 45.2708	Allotment Price (1/1000th of NASDAQ-100 Index) $d = b \times c / 1000$	₹ 106.4312	Units allotted $e = a / d$	9,395,741	Minimum Investment (a)	10,000.00	Allotment Price per unit (b)	₹ 106.4312	Number of units allotted rounded off ( $c = a/b$ )	93.00	Value of units allotted ( $d = b \times c$ )	₹ 9,898.10	Balance amount for fractional units refunded to investor ( $e = a - d$ )	₹ 101.90
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	<p>The above is just an example to illustrate the allotment of units.</p> <p>Allotment of units under the Scheme would be at the discretion of the Trustee. The Trustees reserve the right to reject any application without assigning any reason thereof.</p> <p>An allotment advice stating the number of units allotted would be dispatched by ordinary post to each Unitholder, not later than 5 business days after the closure of NFO and the units will be credited to the DP account of the applicant as per the details provided in the application form. Any excess amount, if any, would be refunded to the Unitholder.</p>
<b>Refund</b>	<p>In accordance with the Regulations, if the Scheme fails to collect the minimum subscription amount as specified above, the Fund shall be liable to refund the subscription amount money to the applicants.</p> <p>In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever or where the Demat details provided in the application form does not match with the details with the Depository records, will commence immediately after the allotment process is completed. Full amount will be refunded within 5 business days of closure of NFO. If the Fund refunds the application amount later than 5 business days, interest @ 15% p.a. for delay period will be paid and charged to the AMC.</p>
<p><b>Who can invest</b></p> <p>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>This is an indicative list and you are requested to consult your financial advisor. The following are eligible to subscribe to the units of the Scheme:</p> <ol style="list-style-type: none"> <li>1. Resident adult individuals, either singly or jointly (not exceeding three) or on anyone or Survivor basis.</li> <li>2. Minors through Parents/Lawful Guardian.</li> <li>3. Hindu Undivided Family (HUF) through its Karta.</li> <li>4. Partnership Firms in the name of any one of the partner.</li> <li>5. Proprietorship in the name of the sole proprietor.</li> <li>6. Companies, Body Corporate, Societies, (including registered co-operative societies), Association of Persons, Body of Individuals, Clubs and Public Sector Undertakings registered in India if authorized and permitted to invest under applicable laws and regulations.</li> <li>7. Banks (including co-operative Banks and Regional Rural Banks), Financial Institutions.</li> <li>8. Mutual Fund schemes registered with SEBI.</li> <li>9. Non-Resident Indians (NRIs) / Persons of Indian Origin (PIOs) residing abroad on repatriation basis and on non-repatriation basis.</li> <li>10. Foreign Institutional Investors (FII) registered with SEBI on repatriation basis (subject to RBI approval).</li> <li>11. Charitable or Religious Trusts, Wakf Boards or endowments of private trusts (subject to receipt of necessary approvals as "Public securities" as required) and private trusts authorized to invest in units of Mutual Fund schemes under their trust deeds.</li> <li>12. Army, Air Force, Navy, Para-military funds and other eligible institutions.</li> <li>13. Scientific and Industrial Research Organizations.</li> <li>14. Multilateral Funding Agencies or Bodies Corporate incorporated outside India with the permission of Government of India Reserve Bank of India.</li> <li>15. Overseas Financial Organizations which have entered into an arrangement for investment in India, inter-alia with a Mutual Fund registered with SEBI and which arrangement is approved by Government of India.</li> <li>16. Provident / Pension / Gratuity / Superannuation and such other retirement and employee benefit and other similar funds as and when permitted to invest.</li> <li>17. Other Associations, Institutions, Bodies etc. authorized to invest in the units of Mutual Fund.</li> <li>18. Trustees, AMC, Sponsor or their associates may subscribe to the units of the Scheme.</li> <li>19. Such other categories of investors permitted by the Mutual Fund from time to time, in conformity with the SEBI Regulations.</li> </ol>
<b>Where can you submit the filled up applications</b>	<p>During the NFO period, the applications should be submitted at any of the branches of the collecting bankers or Investor Service Centres of Motilal Oswal Asset Management Company Limited or offices of stock brokers registered with NSE and BSE. For details, please refer end of this document.</p> <p>Motilal Oswal Mutual Fund has appointed Kotak Bank as collecting banker for the New Fund Offer.</p>

	<p>AMC reserves the right to appoint additional collecting bankers during the NFO Period and change the bankers and/or any of the bankers appointed subsequently.</p> <p>As per the provisions of SEBI Circular No. SEBI/IMD/Cir No. 11/183204 dated November 13, 2009, investors who wish to subscribe to the units may register with trading members of National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE) by submitting the application form and required documentation as prescribed. The respective trading member would then place orders in the NSE's and BSE's mechanism for subscription of units.</p>
<b>How to Apply</b>	Please refer to the SAI and Application form for the instructions.
<b>Listing</b>	<p>The units of the Scheme would be listed on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd. (BSE) within 5 business days of allotment.</p> <p>The AMC reserves the right to list the units of the Scheme on any other recognized stock exchange.</p>
<b>Dematerialization</b>	<ol style="list-style-type: none"> <li>i. The units of the Scheme are available in the Dematerialized (electronic) mode.</li> <li>ii. The applicant under the Scheme are required to have a beneficiary account with a Depository Participant of NSDL/CDSL and are required to indicate in the application the DP's name, DP ID Number and beneficiary account number of the applicant with the DP.</li> <li>iii. The units of the Scheme are issued/repurchased and traded compulsorily in dematerialized form.</li> </ol> <p>Applications without relevant details of their depository account are liable to be rejected.</p>
<b>Special Products / facilities available during the NFO</b>	<p>The Mutual Fund will offer ASBA facility during the NFO of the Scheme.</p> <p>ASBA is an application containing authorisation given by the Investor to block the application money in his specified bank account towards the subscription of the units offered during the NFO of Scheme. If an Investor is applying through ASBA facility, the application money towards the subscription of units shall be debited from his specified bank account only if his/her application is selected for allotment of units. Please refer to the SAI for more details.</p>
<b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</b>	Units once redeemed/repurchased will not be re-issued.
<b>Restrictions, if any, on the right to freely retain or dispose of units being offered.</b>	<p>As the units of the Scheme will be issued in demat form, the units will be transferred and transmitted in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.</p> <p>The delivery instructions for transfer of Units will have to be lodged with the Depository Participant (DP) in the requisite form as may be required from time to time and transfer will be effected in accordance with the rules/regulations as may be in force governing transfer of securities in demat form.</p>

## B. ONGOING OFFER DETAILS

<p><b>Ongoing Offer Period</b></p> <p>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	The Scheme will re-open on an ongoing basis within 10 business days after the date of closure of the NFO.
<p><b>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the Mutual Fund) by investors</b></p> <p>This is the price you need to pay for purchase/switch-in.</p>	<p><b>On the Exchange :</b></p> <p>As the Scheme would be listed on the exchange, the investor can buy units on an ongoing basis on the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE) at the traded prices which may be close to the actual NAV of the Scheme. The units are purchased in round lots of 1 unit.</p> <p><b>Directly with the Mutual Fund :</b></p> <p>The authorized participant/large investor can subscribe the units of the Scheme directly with the Mutual Fund only in creation unit size at the applicable NAV of the Scheme. The number of units of the Scheme that authorized participant/large investor can subscribe is 100,000 units and in multiples thereafter.</p>
<p><b>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors</b></p> <p>This is the price you will receive for redemptions/switch outs.</p>	<p><b>On the Exchange :</b></p> <p>As the Scheme would be listed on the exchange, the investor can sell units on an ongoing basis on the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE) at the traded prices. The units are redeemed in round lots of 1 unit.</p> <p><b>Directly with the Mutual Fund :</b></p> <p>The authorized participant/large investor can redeem the units of the Scheme directly with the Mutual Fund only in creation unit size at the applicable NAV of the Scheme. The number of units of the Scheme that authorized participant/large investor can redeem is 100,000 units and in multiples thereafter.</p>

<p><b>Procedure for subscribing / redeeming units directly with the fund</b></p>	<p>The Large Investor / Authorised Participant can subscribe/ redeem units of the Scheme directly with the Mutual Fund only in creation unit size as per the procedure given below.</p> <p>The Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of shares underlying the Index called the Portfolio Deposit and a Cash Component. Thus, each Creation Unit would comprise of two components viz. Portfolio and Cash. The Portfolio Deposit is the basket of securities, in the same proportion as in the Index. The Cash Component is the difference between the applicable net asset value of creation unit and the market value of the securities. This difference will represent accrued dividends, accrued annual charges including management fees and residual cash in the Scheme. In addition, the cash component will include transaction charges to the extent charged by the third parties such as Custodian/DP, equalization of dividend and other incidental expenses for creating units. The value of both the components changes from time to time and will be announced on our website on daily basis.</p> <p>The number of units of the Scheme that investors can create in exchange of the Portfolio Deposit and Cash Component is 100,000 units and in multiples thereof.</p> <p>The facility of creating units in creation unit size is available to the Authorised Participants (whose name will be available on our website <a href="http://www.motilalosalwal.com/assetmanagement">www.motilalosalwal.com/assetmanagement</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>) and large investors.</p> <p><b>For creating units of the Scheme in creation unit size:</b></p> <p>The Authorised Participant/Large Investor would transfer the requisite basket of securities comprising the constituents of NASDAQ-100 Index constituting the Portfolio Deposit to the Mutual Fund's designated DP account while the Cash Component has to be paid to the AMC by way of cheques/pay order/demand draft. On confirmation of the same, the AMC will have the respective number of units of the Scheme credited to the depository account of Authorised Participant / Large Investor.</p> <p><b>For redeeming units of the Scheme in creation unit size:</b></p> <p>The Authorised Participant / Large Investor would transfer the requisite number of units of the Scheme equaling the creation unit to the Fund's designated DP account. On confirmation of the same, the AMC will pay the redemption proceeds in kind by transferring the Portfolio Deposit to the depository account of Authorised Participant / Large Investor and pay the Cash Component, if any.</p> <p>The Fund may allow cash purchases/cash redemption of the units of the Scheme in Creation Unit Size by Large Investor/Authorised Participant. Purchase request/Redemption request shall be made by such investor to the Fund whereupon the Fund shall arrange to buy/sell the underlying portfolio of securities on behalf of the investor.</p> <p>The cost of creation/redemption of units in Creation Unit size would be determined based on the cost of purchase/sale of the underlying portfolio in USD and applicable exchange rate.</p> <p><b>Note:</b> Creation / redemption requests will not be executed real-time as such request will be accepted by 3.00 p.m. IST and underlying securities buy/sell orders are queued with global brokers after 7 p.m. IST.</p> <p>Further, an investor can sell its units of the Scheme directly to the Fund for a period of 1 trading week with an exit load of 1% of NAV of the Scheme, under either of the following circumstances :</p> <ol style="list-style-type: none"> <li>1. When the average discount, of the volume weighted traded price to the volume weighted indicative NAV over a period of 1 trading week is greater than 3%, or</li> <li>2. When the total bid size on the exchange(s) is less than 50,000 units daily, averaged over a period of 1 trading week.</li> </ol> <p>The notification of the same would be displayed on our website.</p>
<p><b>Cut off timing for subscriptions/ redemptions/ switches</b> This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>The cut-off time for accepting subscription / redemption of units of the Scheme directly with the Fund would be 3.00 p.m. on any business day. However, as the Scheme is an Exchange Traded Fund, the subscriptions and redemptions of units would be based on the Portfolio Deposit and Cash Component as defined by the Fund for that respective business day.</p>
<p><b>Where can the applications for purchase/redemption switches be submitted?</b></p>	<p>The applications for purchase/redemption of units directly with the Fund would be submitted at the AMC's Corporate office.</p>
<p><b>Minimum amount for purchase/redemption/switches</b></p>	<p><b>On the Exchange:</b> 1 unit and in multiples thereof. <b>Directly with the Mutual Fund:</b> The minimum amount for purchase/redemption would be in creation unit size of 100,000 units and in multiples thereof.</p>
<p><b>Minimum balance to be maintained and consequences of non maintenance.</b></p>	<p>Nil</p>
<p><b>Special Products available</b></p>	<p>The Scheme does not offer any special products.</p>

<b>Accounts Statements</b>	<p>As the units of the Scheme are in demat, the depository participant with whom the Unitholder has a depository account will send a statement of transactions in accordance with the byelaws of the depository which will contain the details of transaction of units.</p> <p>Allotment of units and dispatch of Allotment Advice to FIIs will be subject to RBI approval, if required.</p> <p>Units allotted under this Scheme are transferable subject to the provisions of the Depositories Act, SEBI (Depository and Depository Participant) Regulations, 1996 and other applicable provisions.</p> <p><b>Note:</b> The AMC may not furnish separate accounts statement to the Unitholders since the statement of accounts furnished by depository participant will contain the details of transactions in these units and this would be deemed to be adequate compliance with the requirements of SEBI regarding dispatch of statement of accounts.</p>
<b>Dividend</b>	The dividend warrants shall be dispatched to the Unitholders within 30 days of the date of declaration of the dividend.
<b>Redemption</b>	The redemption or repurchase proceeds shall be dispatched to the Unitholders within 10 working days from the date of redemption or repurchase.
<b>Delay in payment of redemption / repurchase proceeds</b>	The AMC shall be liable to pay interest to the Unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).
<b>Bank Account Details</b>	<p>As per SEBI requirements, it is mandatory for an investor to provide his/her bank account number in the Application Form. The Bank Account details as mentioned with the Depository should be mentioned. If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected. The Application Form without the Bank account details would be treated as incomplete and rejected.</p> <p>Notwithstanding any of the above conditions, any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p>
<b>Role of Authorised Participant</b>	The role of Authorised Participants is to proffer liquidity of the units of the Scheme on the Stock Exchange where the Units are listed. Authorised Participants may offer to buy and sell quotes (bid and ask quotes) on the Exchanges such that buy and sell orders get executed in the market subject to price compatibility. Authorised Participants may for the purpose of creating liquidity subscribe or redeem the units of the Scheme directly with the Mutual Fund.
<b>Purchase / Sale of the units of Scheme on the Exchange</b>	<p>Buying / Selling of units of the Scheme on the Exchange is just like buying / selling any other normal listed security. If an investor has bought units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker / sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in the case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The trading member would pay the money or units to the investor in accordance with the time prescribed by the stock exchange regulation.</p> <p>If an investor has bought units, he/she should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange clearing corporation.</p> <p>An investor who has sold units should instruct his/her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the units from his/her beneficiary account to the Pool Account of his/her trading member through whom he/she have sold the units. The details of the pool a/c of his/her trading member to which the units are to be transferred, unit quantity etc. should be mentioned in the Delivery Out instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the Delivery Out instructions should be given at least 24 hours prior to the cut-off time for the prescribed securities pay-in to avoid any rejection of instructions due to data entry errors, network problems, etc.</p>
<b>Transaction handling charges</b>	Transaction handling charges include brokerage, depository participant charges, uploading charges and such other charges that the Mutual Fund may have to incur in the course of accepting the portfolio deposit or for giving a portfolio of securities as consideration for a redemption request. Such transaction handling charges shall be recoverable from the transacting authorized participant/large investor.
<b>Cost of trading on the Stock Exchange</b>	Investor will have to bear the cost of brokerage and other applicable statutory levies e.g. Securities Transaction Tax, etc. when the units are bought or sold on the stock exchange.

<b>Right to limit Redemptions</b>	The Trustee, in the general interest of the Unitholders of the Scheme offered under this SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of units which can be redeemed on any Business Day.
<b>Suspension of Sale of Units</b>	In case of breach of limits of overseas investments as per applicable regulations, the Fund would suspend sale of units until such time the assets under management in the Scheme decreases from the threshold limit as mentioned in the Regulations.

### Example of Creation and Redemption of Units

Each Creation Unit consists of 100,000 units of Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100). As explained earlier, the Creation Unit is made up of 2 components i.e. Portfolio Deposit and Cash Component. The Portfolio Deposit will be determined by the Fund as per the weights of each security in the Index. The value of this Portfolio Deposit will change due to change in prices during the day. The number of shares of each security that constitute the Portfolio Deposit will remain constant unless there is any corporate action in the Index or there is a rebalance in the Index.

The example of Creation Unit as on February 28, 2011 for Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100) is as follows:

Security in the Underlying Index	Quantity	Price	Value in USD	Value in ₹
Activision Blizzard Inc	123	10.91	1,341.93	60,750.24
Adobe Systems Inc	52	34.72	1,805.44	81,733.71
Akamai Technologies Inc	26	36.54	950.04	43,009.07
Altera Corp	42	43.28	1,817.76	82,291.45
Amazon.com Inc	33	169.08	5,579.64	252,594.77
Amgen Inc	52	51.74	2,690.48	121,800.18
Apollo Group Inc	15	44.07	661.05	29,926.26
Apple Inc	135	355.36	47,973.60	2,171,803.25
Applied Materials Inc	76	15.96	1,212.96	54,911.67
Autodesk Inc	26	40.11	1,042.86	47,211.11
Automatic Data Processing Inc	37	50.07	1,852.59	83,868.23
Baidu Inc/China	27	120.18	3,244.86	146,897.41
Bed Bath & Beyond Inc	39	47.52	1,853.28	83,899.47
Biogen Idec Inc	26	71.24	1,852.24	83,852.39
BMC Software Inc	21	49.42	1,037.82	46,982.94
Broadcom Corp	50	40.74	2,037.00	92,216.62
CA Inc	54	23.72	1,280.88	57,986.46
Celgene Corp	49	53.70	2,631.30	119,121.06
Cephalon Inc	8	55.30	442.40	20,027.80
Cerner Corp	8	102.62	820.96	37,165.52
CH Robinson Worldwide Inc	19	72.22	1,372.18	62,119.69
Check Point Software Technologies Ltd	21	48.33	1,014.93	45,946.69
Cisco Systems Inc	254	18.20	4,622.80	209,277.85
Citrix Systems Inc	22	71.20	1,566.40	70,912.18
Cognizant Technology Solutions Corp	31	75.91	2,353.21	106,531.70
Comcast Corp	145	25.42	3,685.90	166,863.64
Costco Wholesale Corp	25	72.19	1,804.75	81,702.48
Ctrip.com International Ltd	18	38.07	685.26	31,022.27
Dell Inc	68	15.39	1,046.52	47,376.80
DENTSPLY International Inc	14	37.94	531.16	24,046.04
DIRECTV	62	45.84	2,842.08	128,663.24
Dollar Tree Inc	14	50.71	709.94	32,139.55
eBay Inc	104	31.50	3,276.00	148,307.14
Electronic Arts Inc	30	18.45	553.50	25,057.39
Expedia Inc	36	21.00	756.00	34,224.72
Expeditors International of Washington I	24	47.67	1,144.08	51,793.42
Express Scripts Inc	53	54.67	2,897.51	131,172.60
F5 Networks Inc	8	108.70	869.60	39,367.49
Fastenal Co	14	61.26	857.64	38,826.05
First Solar Inc	8	142.55	1,140.40	51,626.82
Fiserv Inc	21	60.17	1,263.57	57,202.82
Flextronics International Ltd	95	7.83	743.85	33,674.68
FLIR Systems Inc	17	32.17	546.89	24,758.15
Garmin Ltd	17	34.43	585.31	26,497.45
Genzyme Corp	33	75.87	2,503.71	113,344.95
Gilead Sciences Inc	83	41.06	3,407.98	154,281.98

Security in the Underlying Index	Quantity	Price	Value in USD	Value in ₹
Google Inc	17	591.66	10,058.22	455,343.67
Henry Schein Inc	9	68.49	616.41	27,905.37
Illumina Inc	14	67.43	944.02	42,736.54
Infosys Technologies Ltd	12	66.82	801.84	36,299.94
Intel Corp	220	21.21	4,666.20	211,242.61
Intuit Inc	39	51.93	2,025.27	91,685.59
Intuitive Surgical Inc	4	329.59	1,318.36	59,683.21
Joy Global Inc	10	93.82	938.20	42,473.06
KLA-Tencor Corp	20	49.25	985.00	44,591.74
Lam Research Corp	12	56.72	680.64	30,813.12
Liberty Media Corp - Interactive	60	16.04	962.40	43,568.62
Life Technologies Corp	21	52.93	1,111.53	50,319.85
Linear Technology Corp	34	33.85	1,150.90	52,102.16
Marvell Technology Group Ltd	83	15.81	1,312.23	59,405.70
Mattel Inc	42	25.37	1,065.54	48,237.85
Maxim Integrated Products Inc	31	26.74	828.94	37,526.78
Microchip Technology Inc	17	36.62	622.54	28,182.88
Micron Technology Inc	107	11.03	1,180.21	53,429.05
Microsoft Corp	354	25.72	9,104.88	412,185.20
Millicom International Cellular SA	12	88.89	1,066.68	48,289.46
Mylan Inc/PA	50	22.53	1,126.50	50,997.56
NetApp Inc	44	51.13	2,249.72	101,846.62
NetFlix Inc	5	207.40	1,037.00	46,945.82
News Corp	139	17.21	2,392.19	108,296.36
NII Holdings Inc	20	37.97	759.40	34,378.65
NVIDIA Corp	73	20.47	1,494.31	67,648.61
O'Reilly Automotive Inc	15	55.38	830.70	37,606.45
Oracle Corp	233	32.10	7,479.30	338,593.89
PACCAR Inc	51	48.43	2,469.93	111,815.71
Paychex Inc	36	33.05	1,189.80	53,863.20
priceline.com Inc	5	466.69	2,333.45	105,637.15
QIAGEN NV	23	20.73	476.79	21,584.66
QUALCOMM Inc	203	57.58	11,688.74	529,158.61
Research In Motion Ltd	54	64.86	3,502.44	158,558.26
Ross Stores Inc	12	70.67	848.04	38,391.45
SanDisk Corp	26	46.88	1,218.88	55,179.67
Seagate Technology PLC	53	13.56	718.68	32,535.22
Sears Holdings Corp	11	83.24	915.64	41,451.76
Sigma-Aldrich Corp	12	62.65	751.80	34,034.59
Staples Inc	60	20.12	1,207.20	54,650.91
Starbucks Corp	108	33.60	3,628.80	164,278.68
Stericycle Inc	9	84.71	762.39	34,514.01
Symantec Corp	88	17.88	1,573.44	71,230.89
Teva Pharmaceutical Industries Ltd	89	49.31	4,388.59	198,674.98
Urban Outfitters Inc	16	37.99	607.84	27,517.40
VeriSign Inc	17	35.53	604.01	27,344.02
Vertex Pharmaceuticals Inc	18	49.62	893.16	40,434.07
Virgin Media Inc	33	27.52	908.16	41,113.13
Vodafone Group PLC	79	29.09	2,298.11	104,037.28
Warner Chilcott PLC	27	23.69	639.63	28,956.56
Whole Foods Market Inc	17	57.87	983.79	44,536.96
Wynn Resorts Ltd	13	126.40	1,643.20	74,388.98
Xilinx Inc	36	34.16	1,229.76	55,672.22
Yahoo! Inc	66	16.70	1,102.20	49,897.48
Total			232,303.86	10,516,581.59

Value of Portfolio Deposit : ₹ 10,516,581.59

Value of Cash Component : ₹ 126,538.41

Total Value of Creation Unit : ₹ 10,643,120.00

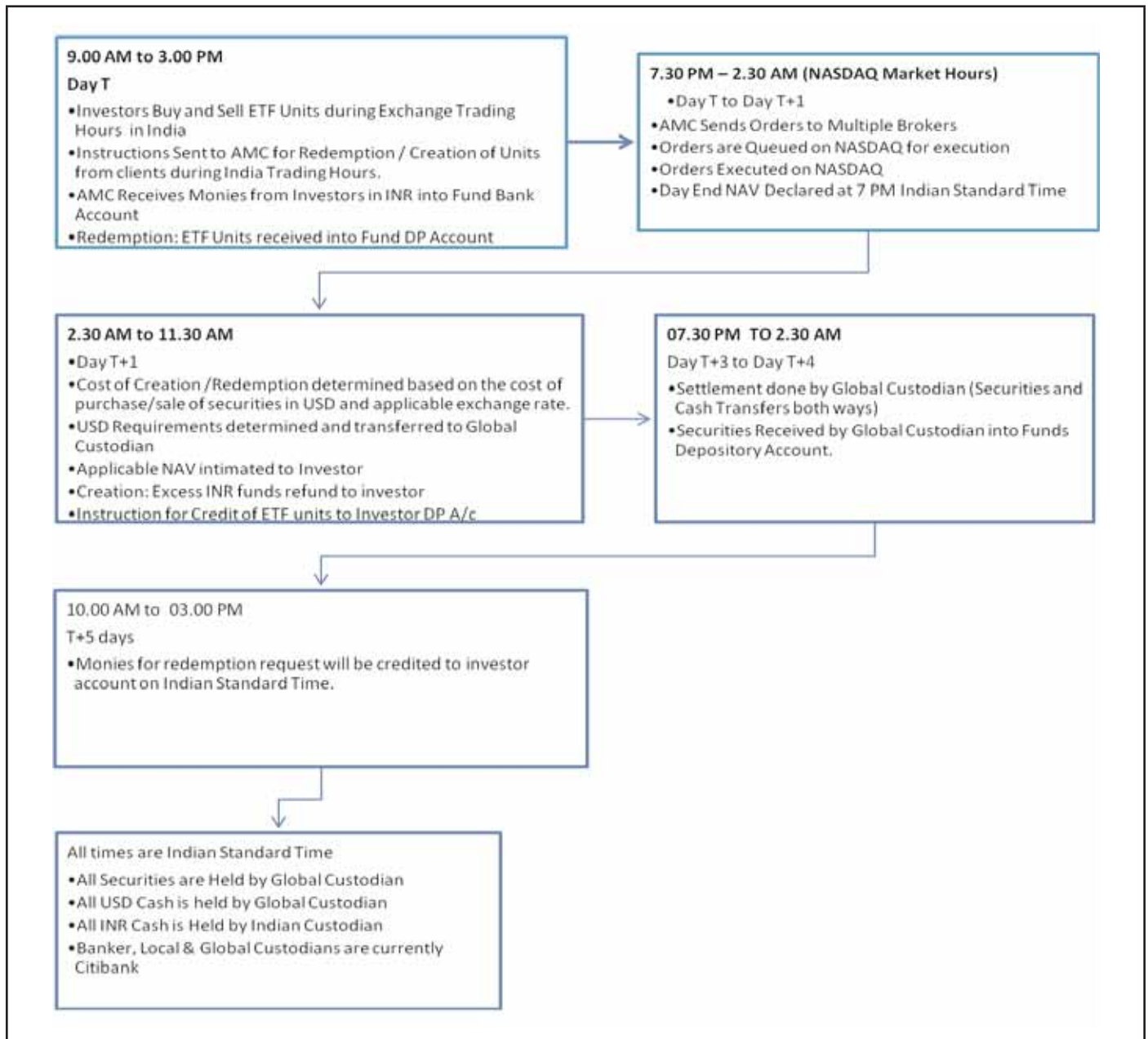
The Value of Portfolio Deposit and Cash Component would vary from time to time and would be declared by the Fund on a daily basis.

The cash component is arrived in the following manner:

Suppose the Value of NASDAQ-100 Index (in USD) (a)	2350.99
Assumed Exchange Rate (b)	₹ 45.2708
Number of units comprising one Creation Unit (c)	100,000
NAV per unit (appx. 1/1000th of NASDAQ-100) (d = a x b / 1000)	₹ 106.4312
Value of 1 Creation Unit (e = c x d)	₹ 10,643,120.00
Value of Portfolio Deposit (pre defined basket of securities of the Underlying Index)	₹ 10,516,581.59
Cash Component	₹ 126,538.41

The above is just an example to illustrate the calculation of cash component. Cash Component will vary depending upon the actual charges incurred like Custodial Charges and other incidental charges for creating units.

Creation/redemption of unit directly with the Fund in creation unit size is explained as follows:



**Disclosure of Creation/Redemption of Units on AMC’s website**

On a daily basis, the AMC would disclose the Creation unit for subscription/redemption of units on the AMC’s website i.e. [www.motilaloswal.com/assetmanagement](http://www.motilaloswal.com/assetmanagement) and [www.mostshares.com](http://www.mostshares.com) i.e. value of Portfolio Deposit, basket of securities and the number of shares of each securities and value of Cash Component.

## C. PERIODIC DISCLOSURES

<p><b>Net Asset Value</b></p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The AMC shall calculate and announce the first NAV of the Scheme within a period of 5 business days from the date of allotment.</p> <p>Subsequently, the AMC shall declare the NAV of the Scheme on every business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 9.00 p.m. and also on our website <a href="http://www.motilaloswal.com/assetmanagement">www.motilaloswal.com/assetmanagement</a> and <a href="http://www.mostshares.com">www.mostshares.com</a>. If the NAV is not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.</p> <p>Investors can also call the office of the AMC to obtain the NAV of the Scheme.</p>
<p><b>Half yearly Disclosures: Portfolio / Financial Results</b></p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The Mutual Fund shall publish a complete statement of the Scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement atleast, in one National English daily and one regional newspaper in the language of the region where the head office of the Mutual Fund is located. The Portfolio statement and the unaudited financial result would also be placed on our website and AMFI website.</p> <p>The Mutual Fund may opt to send the portfolio to all Unitholders in lieu of the advertisement (if applicable).</p>
<p><b>Half Yearly Results</b></p>	<p>The Mutual Fund and AMC shall before the expiry of one month from the close of each half year i.e. 31st March and 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The half yearly financial result would also be placed on our website <a href="http://www.motilaloswal.com/assetmanagement">www.motilaloswal.com/assetmanagement</a> and <a href="http://www.mostshares.com">www.mostshares.com</a> and AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a>.</p>
<p><b>Annual Report</b></p>	<p>The Scheme wise Annual Report or an abridged summary thereof shall be mailed to all Unitholders within four months from the date of closure of the relevant accounts year i.e. 31st March each year.</p> <p>Further, the full text of the annual report will be available for inspection at the office of the Fund and copy shall be made available on specific request on payment of nominal fees, if any. Also the Scheme wise annual report will be displayed on our website <a href="http://www.motilaloswal.com/assetmanagement">www.motilaloswal.com/assetmanagement</a> and <a href="http://www.mostshares.com">www.mostshares.com</a> and AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a>.</p>
<p><b>Associate Transactions</b></p>	<p>Please refer to Statement of Additional Information (SAI).</p>
<p><b>Taxation</b></p> <p>The information is provided for general information only. However, in view of the individual nature of the implications, 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 schemes.</p>	<p>The Scheme would be classified as a Scheme other than equity oriented fund for taxation.</p> <p>For further details on taxation please refer to the section 'Taxation on investing in Mutual Funds' in the SAI.</p>
<p><b>Investor services</b></p>	<p><b>Mr. Sanjay Dongre</b>  <b>Motilal Oswal Asset Management Company Limited</b>              81/82, 8th Floor, Bajaj Bhavan              Nariman Point, Mumbai - 400 021              Tel. No.: 022 -39804120              Email.: <a href="mailto:sanjay.dongre@motilaloswal.com">sanjay.dongre@motilaloswal.com</a>  <a href="mailto:mfservice@motilaloswal.com">mfservice@motilaloswal.com</a></p> <p>Investors are advised to contact any of the ISC or the AMC by calling the toll free no. of the AMC at 1800-200-6626. Investors can also visit our website <a href="http://www.motilaloswal.com/assetmanagement">www.motilaloswal.com/assetmanagement</a> and <a href="http://www.mostshares.com">www.mostshares.com</a> for complete details.</p>

## D. COMPUTATION OF NAV

The Net Asset Value (NAV) per unit under the Scheme will be computed by dividing the net assets of the Scheme by the number of units outstanding on the valuation day. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time.

The Net Asset Value (NAV) of the units under the Scheme shall be calculated as follows:

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

The NAV will be calculated up to four decimals.

The AMC will calculate and disclose the first NAV of the Scheme within a period of 5 business days from the date of allotment. Subsequently, the NAV shall be calculated and announced on each working day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time.

Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAV for a Valuation Day, the AMC may use the last available traded price for the purpose of valuation. The use of the closing price / last available traded price for the purpose of valuation will also be based on the practice followed in a particular market. In case any particular security is not traded on the Valuation Day, the same shall be valued on a fair value basis by the valuation committee of the AMC.

Hence, for the purposes of valuation and calculating NAV of the Scheme for a particular day, the last available prices of securities on NASDAQ shall be considered (which would be the previous day's closing prices). This will enable the disclosure of the NAV of the Scheme before the deadline as provided by SEBI guidelines.

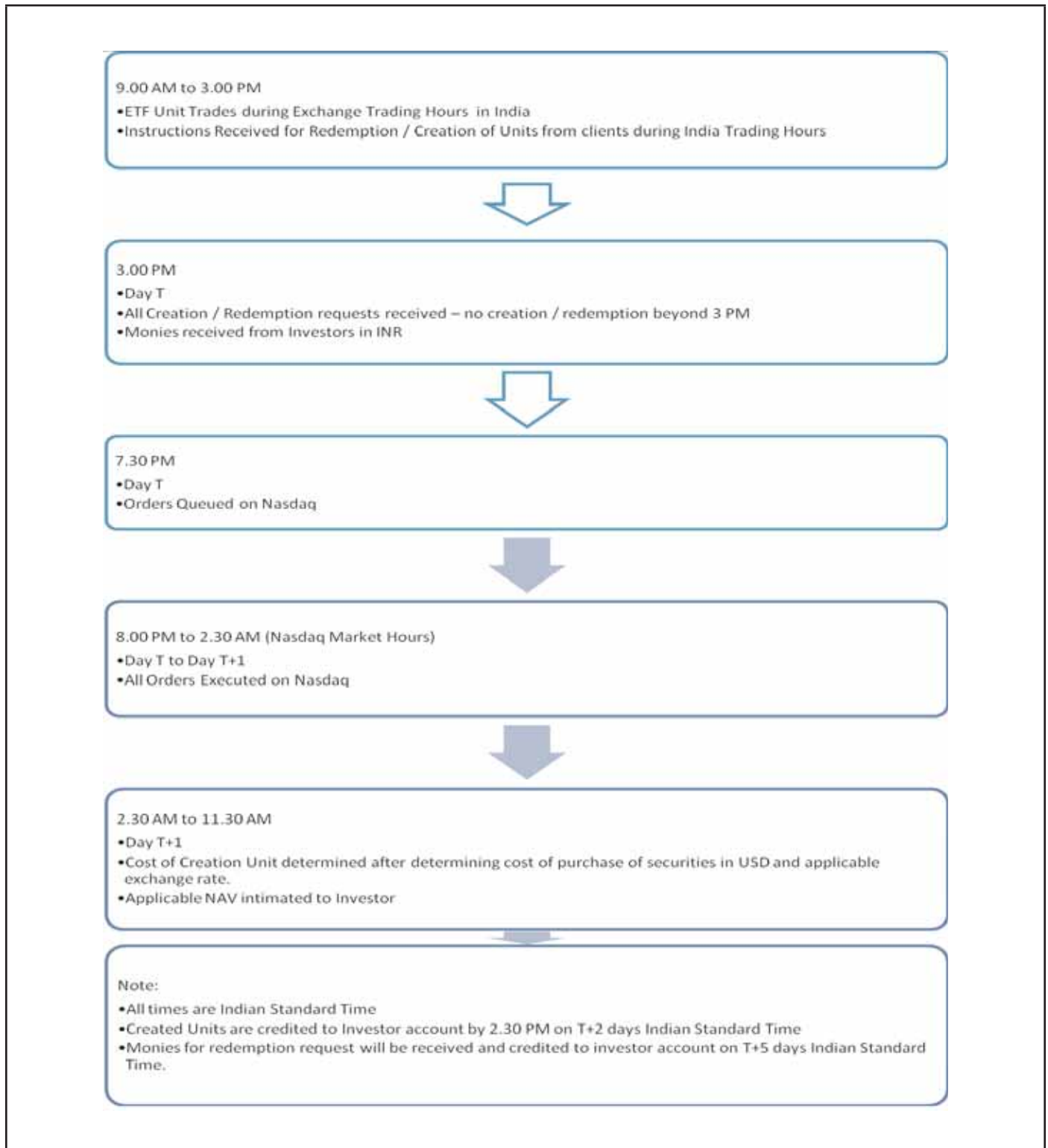
The example for consideration of prices of securities for calculating NAV of the Scheme is as follows:

For calculation and disclosure of NAV as on February 28, 2011, prices of securities at the close of trading on NASDAQ Stock Market on February 27, 2011 would be considered.

On the Valuation Day, all assets and liabilities denominated in foreign currency will be valued in Indian Rupees at the exchange rate made available by Reserve Bank of India failing which exchange rates made available by Bloomberg / Reuters or any other standard reference rate at the close of banking hours in India. The Trustees reserve the right to change the source for determining the exchange rate.

Also refer SAI for valuation of overseas investments.

The following explains process flow and time frames including NAV calculation



## IV. FEES AND EXPENSES

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

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

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid, marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

The entire NFO expenses will be borne by the AMC.

### 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 the following annual recurring expenses on weekly average net assets of the Scheme. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund.

Particulars	% per annum to weekly average Net Assets
Investment Management & Advisory Fee	0.75
Custodial Fees	0.05
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.04
License fees / listing fees and other such expenses	0.10
Audit Fees / Fees and expenses of trustees	0.03
Marketing & Selling Expenses and other expenses	0.03
<b>Total Recurring Expenses</b>	<b>1.00</b>

These estimates have been made in good faith as per the information available to the Investment Manager and are subject to change inter-se and the maximum investment management fees charged shall be as per SEBI (MF) Regulations. The types of expenses charged would be in accordance with SEBI (MF) Regulations.

As per SEBI Regulations, the maximum annual scheme recurring expenses including the investment management fees that can be charged to the Scheme is 1.50% of weekly average net assets. Further, as per SEBI (MF) Regulations, the investment management fees shall not exceed 0.75% of the weekly average net assets for Index Scheme. The recurring expenses incurred in excess of the limits specified by SEBI (MF) Regulations will be borne by the AMC.

The Mutual Fund would update the current expense ratios on its website within two working days mentioning the effective date of the change.

### C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC [www.motilaloswal.com/assetmanagement](http://www.motilaloswal.com/assetmanagement) and [www.mostshares.com](http://www.mostshares.com) or may call at toll free no. 1800-200-6626 or your distributor.

Type of Load	Load chargeable (as % of NAV)
<b>Entry</b>	Nil In terms of SEBI Circular having reference No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor
<b>Exit Load</b>	Nil

There is no entry/exit load on units of the Scheme bought or sold through the secondary market on the Stock Exchange. However, an investor would be paying cost in the form of a bid and ask spread and brokerage, as charged by his broker for buying/selling units of the Scheme.

### Exit Load for Redemption in Cash

In case of redemption of units of the Scheme for less than Creation Unit Size, directly with the Fund, where there have been no quotes on the exchange for 3 trading days consecutively, an investor can sell its units of the Scheme to the Fund with an exit load of 1% of NAV of the Scheme.

From the exit load including Contingent Deferred Sales Charge (CDSC) charged to the Unitholders by the Scheme, a maximum of 1% of the redemption value shall be retained by the Scheme in a separate account and will be utilised towards meeting the selling and distribution expenses including commissions to the distributor. Any amount in excess of 1% of the redemption value shall be credited to the Scheme immediately.

The investor is requested to check the prevailing load structure of the Scheme before investing. For any change in load structure, AMC will issue an addendum and display it on the website/Investor Service Centres.

Any imposition or enhancement in the load structure shall apply on a prospective basis and in no case the same would affect the existing investors adversely. Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load.

Under the Scheme, the AMC reserves the right to modify/alter the load structure if it so deems fit in the interest of smooth and efficient functioning of the scheme, subject to maximum limits as prescribed under the SEBI Regulations. The load may also be changed from time to time and in case of exit/redemption, load may be linked to the period of holding.

For any change in the load structure, the AMC would undertake the following steps:

1. The addendum detailing the changes will be attached to SID and Key Information Memorandum (KIM). The addendum will be circulated to all the distributors so that the same can be attached to all SID and KIM already in stock.
2. Arrangements shall be made to display the changes/modifications in the SID in the form of a notice in all Investor Service Centres and distributors/brokers offices.
3. The introduction of the exit load/CDSC along with the details shall be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load/CDSC.
4. A public notice may 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.
5. The Fund shall display the addendum on its website ([www.motilaloswal.com/assetmanagement](http://www.motilaloswal.com/assetmanagement) and [www.mostshares.com](http://www.mostshares.com)).
6. Any other measure that the Mutual Fund shall consider necessary.

## IV. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

## V. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

This section contains the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

### Not Applicable

2. In case of Indian Sponsor(s), 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 shall also be disclosed.

- a. During the period January 2009 to February 2011, the NSE has levied penalties/fines on Motilal Oswal Securities Ltd. (MOSL), aggregating to Rs. 3.3 million on account of various reasons viz: non-submission of UCC details, delayed reporting of computer to computer link data, short collection of margins & violation of market wide position limit in F&O segment, observations made during the course of inspections.
  - b. During the period February 2008 to February 2011, the BSE has levied penalties/fines aggregating to Rs. 1.32 million on account of various reasons viz: non-submission of UCC details, settlement of transactions through delivery versus payment, observations made during the course of inspections, etc.
  - c. During the period February 2008 to February 2011, the CDSL has levied penalties/fines aggregating to Rs. 9784 on account of reasons viz: non-collection of proof of identity of clients, deviation in following of transmission procedure etc; whereas penalty of Rs. 275 were levied by NSDL during the course of MOSL operations.
3. 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. The details of the violation shall also be disclosed.
    - a. In 2002 SEBI has investigated MOSL in the case of Amaraja Batteries Limited and the enquiry officer had warned the company to be cautious in future. Subsequently, SEBI's Chairman, in his final order, has agreed to the observations of enquiry officer.
    - b. During the period from 1999 to 2001, SEBI has investigated MOSL for dealing in shares of M/s Cyberspace Limited. MOSL had purchased and sold shares on behalf of their clients during the investigation period. Scrutiny of the ledger

accounts revealed that MOSL had not taken any upfront payment from the clients before the clients had started to deal with MOSL. Hence because of MOSL's failure to exercise due diligence, skill and care while dealing on behalf of their clients, it has been warned by SEBI to be careful in future.

- c. SEBI has served a Show Cause Notice dated January 19, 2005, on MOSL, under Section 6 (1) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, ("Enquiry Notice"), to enquire into dealings by clients of MOSL during May 2004. The Notice alleges that the sale of shares by MOSL on behalf of its clients depressed share prices, and consequently, the Enquiry Notice required MOSL to show cause as to why action should not be taken for alleged violation of various SEBI regulations governing stock brokers and regulations prohibiting price manipulation, 'Know Your Client' norms and certain SEBI circulars. SEBI has also served a notice dated November 17, 2006, on MOSL, under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer), Rules, 1995, ("Adjudication Notice"), with allegations primarily relating to the same facts covered in the Enquiry Notice and alleged violation of SEBI circulars in relation to trading by MOSL, requiring MOSL to show cause as to why proceedings to impose monetary penalties should not be initiated. MOSL had tendered a detailed factual response dated February 28, 2005 and had also responded to the Adjudication Notice placing reliance on the response to the Enquiry Notice. SEBI vide its order dated March 28, 2008 has disposed off all proceedings against MOSL in the said matter and no penalty has been levied in this regard.
- d. SEBI had passed a general ad interim ex-parte order dated April 27, 2006 in connection with 21 IPOs and had directed some depository participants, including MOSL, not to open fresh demat accounts pending investigations. The said ad interim ex-parte order was treated as a show cause notice by SEBI. Upon MOSL showing cause and making representations, SEBI after hearing all relevant facts, passed another interim order dated August 31, 2006 removing the restriction on MOSL in relation to opening of fresh demat accounts. An enquiry officer appointed by SEBI had served a notice dated February 9, 2007, on MOSL under Regulation 6 of the SEBI (Procedure for Holding Enquiry and Imposing Penalties), Regulations, 2002, ("DP Enquiry Notice"), in connection with the MOSL's depository participant operations in relation to some of the 21 IPOs referred to in the ad interim ex-parte order dated April 27, 2006. The DP Enquiry Notice required MOSL to show cause as to why action ought not to be taken for (i) allegedly aiding and abetting various allottees who opened fictitious demat accounts, and, (ii) alleged breach of "Know Your Client" norms, and a consequent breach of securities laws including the SEBI DIP Guidelines. MOSL responded to the DP Enquiry notice vide their letter dated April 3, 2007, wherein it, (i) demonstrated in detail as to how it has complied with applicable SEBI Guidelines, instructions and directions, both in letter and in spirit; and, (ii) presented detailed findings of an independent auditor empanelled with SEBI. Subsequently, SEBI vide their letter dated November 3, 2009 has forwarded the Enquiry Report dated October 23, 2009 and has asked MOSL to file its reply or apply for consent order. Accordingly, MOSL has expressed its intention to apply for Consent Terms vide letter dated November 26, 2009.

The high powered advisory committee of SEBI recommended the case for settlement on payment of Rs. 5,00,000/- towards settlement charges. MOSL paid the above amount and accordingly SEBI has disposed off the pending inquiring proceedings against MOSL.

- e. SEBI had pursuant to its investigations in the scrips Pyramid Saimira Theatre Ltd. had restrained Mr. Shailesh Jayantilal Shah, Mr. Rajesh Jayantilal Shah and Ms. Ritaben Rohitkumar Shah from buying, selling or dealing in the securities market. SEBI had observed that MOSL and some other brokers have executed trades on behalf of above three clients after debarment order and SEBI through its notice has called upon to show cause as to why further action under SEBI (Intermediaries) Regulations, 2008 should not be taken against MOSL for alleged violation of the provisions of Regulation 27 (xv) and 27 (xvii) r/w Regulations 26 (xv) of the Broker Regulations and clauses A (1), A (2) and A (5) of the Code of Conduct for Brokers as specified in Schedule II under Regulation 7 of the Broker Regulations. MOSL has explained to SEBI the reasons for such occurrence and we have applied to SEBI for settlement of the case through consent terms.
4. 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 should also be disclosed separately.

**None**

5. 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, shall be disclosed.

**None**

**The Scheme under this Scheme Information Document was approved by the Trustees at their meeting held on October 27, 2010. The Trustees have ensured that the Scheme is a new product offered by Motilal Oswal Mutual Fund and is not a minor modification of its existing Scheme/Fund/Product.**

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

**For Motilal Oswal Asset Management Company Limited**  
(Asset Management Company for Motilal Oswal Mutual Fund)

Sd/-

**NITIN RAKESH**  
*Chief Executive Officer & Managing Director*

Place: Mumbai  
Date: March 7, 2011

## LIST OF DESIGNATED COLLECTION CENTRES

### MOTILAL OSWAL ASSET MANAGEMENT COMPANY LIMITED

81/82, 8th floor, Bajaj Bhavan, Nariman Point, Mumbai - 400021.

### KOTAK BANK

**Agra** : Shriram Hospital, M.G.Road, Agra-282 003. • **Ahmedabad** : Ground Floor, Chandan house, Opp. Abhijeet III, Near Mithakali Six Roads, Navrangpura, Ahmedabad-380 006. • **Allahabad** : 2. Sardar Patel Marg, Civil Lines, Allahabad-211 001. • **Amritsar** : 10 , Kennedy Avenue, The Main Mall Road, Amritsar-143 001. • **Bangalore** : 10/7, Umiya Land Mark, Next to Chancery Hotel, Lavelle Road, Bangalore-560 001. • **Bhavnagar** : Bhavna Construction Company, Plot No 2108 /A, G.R.Sterling Centre, Waghwadi Road, Bhavnagar-364 001. • **Bhubaneswar** : 184, Ground Floor, Janpath, Bhubaneswar-751 001. • **Chandigarh** : SCO 153-154-155, Madhya Marg, Sector 9-C, Chandigarh-160 009. • **Chennai** : Capitale', Ground Floor, 555, Anna Salai, Chennai- 600 018. • **Cochin** : Ground Floor, Kumarapillai Estate, M. G. Road, Cochin-682 031. • **Coimbatore** : 727, Avinashi Road, Skanda Square, Coimbatore-641 018. • **Guwahati** : 4th Floor, Ganapati Enclave, G. S. Road, Uluvari, Opp. Bura Service Station, Guwahati-781 007. • **Hyderabad** : Pavani Jewel Tower, Ground Floor, Somajiguda, Hyderabad-500 089. • **Indore** : 580, M. G. Road, Indore-452 001. • **Jaipur** : 57, Krishna Tower, Sardar Patel Marg, C-Scheme, Jaipur-302 001. • **Jalandhar** : Midas Corporate Park, G. T. Road, Jalandhar-144 001. • **Jamshedpur** : Gayatri Enclave, K. Road, S. Town, Bistupur, Jamshedpur-831 001. • **Jodhpur** : Bombay Motor Building, Bombay Motor Circle, 87/B-2Chopasani Road, Jodhpur-342 003. • **Kanpur** : 17/03, The Mall, Meghdoot Hotel Building, Kanpur-208 001. • **Kolkatta** : Apeejay House, 15, Parkstreet, Kolkatta-700 016. • **Lucknow** : 3GF, Speed Building,Shahanazaf Road, Lucknow-226 001. • **Ludhiana** : SCO 120, Ground Floor, Feroze Gandhi Market, Ludhiana-141 001. • **Madurai** : 1-A, West Perumal Maistry Street, Madurai-625 001. • **Mehsana** : Rajendra Estate, Opp. Gayatri Temple, State Highway, Mehsana-384 002. • **Mumbai** : 5 C/ II, Mittal Court, 224, Nariman Point, Mumbai-400 001. • **Nagpur** : Ground Floor, 345 Shree Mohini Complex, Kingsway, Nagpur-440 001. • **Nashik** : Shop No.1, Payas, Opp. B Y K College, Thatte Nagar Road, Nasik-422 005. • **New Delhi** : Ground Floor, Ambadeep, 14, K. G. Marg, New Delhi110 001. • **Panjim** : Ground Floor, Hotel Park Plaza, Opp. Azad Maidan, Panjim-403 001. • **Patna** : Shop No 3,4,5, Ahmad Husain Complex, Exhibition Road, Gandhi Maidan, Patna-800 001. • **Pune** : Bakre Avenue, FP No. 226/3, Bhandarkar Road, Pune-411 004. • **Rajkot** : Nath Complex, Ground Floor, Near Race Course, Dr. Yagnik Road, Rajkot-360 007. • **Salem** : Plot No. 12, S. No. 98, Bharathi Street, Alagapuram, Salem-636 001. • **Surat** : Ground Floor, Kotak House, KG Point, Ghod Dod Road, Surat-395 007. • **Trichy** : B-17, Aishwaryam Building, Sasthiri Road, Thillai Nagar, Trichy-620 017. • **Trivandrum** : S I Properties, Ground Floor, White HavenVellayambalam, Trivandrum-695 010. • **Vadodara** : Panorama Building, R. C. Dutt Road, Alkapuri, Vadodara-390 015. • **Vijayawada** : 40-1-48/1 , M.G.Road, Labbipet, Vijayawada-520 010.



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