



SCHEME INFORMATION DOCUMENT

Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)

(An open ended Exchange Traded Fund)

Continuous Offer of Units at NAV based prices

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 40021
Website	www.motilaloswal.com/assetmanagement www.mostshares.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as 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 and 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 June 17, 2011.

TABLE OF CONTENTS	PAGE NO
Highlights / Summary of the Scheme	3
I. Introduction	
A. Risk Factors	5
B. Requirement of Minimum Investors in the Scheme	8
C. Special Considerations	8
D. Definitions	11
E. Due Diligence by the Asset Management Company	15
II. Information about the Scheme	
A. Type of the Scheme	16
B. Investment Objective	16
C. Asset Allocation	16
D. Investment by the Scheme	16
E. Investment Strategy	18
F. Fundamental Attributes	20
G. Benchmark Index	21
H. Fund Manager	21
I. Investment Restrictions	22
J. Scheme Performance	23
K. About the MOSt 50 Basket	24
III. Units and Offer	
A. New Fund Offer (NFO)	30
B. Ongoing Offer Details	30
C. Periodic Disclosures	39
D. Computation of NAV	41
IV. Fees and Expenses	
A. New Fund Offer (NFO) Expenses	41
B. Annual Scheme Recurring Expenses	41
C. Load Structure	42
V. Rights of Unitholders	44
VI. 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	44

HIGHLIGHTS/SUMMARY OF THE SCHEME

Name of the Scheme	Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)
Type of the Scheme	An open ended Exchange Traded Fund
Investment Objective	<p>The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the MOST 50 Basket (Underlying Basket), subject to tracking error.</p> <p>However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.</p>
Investment	The Scheme will invest in the securities which are constituents of MOST 50 Basket in the same proportion as in the Basket.
About the MOST 50 Basket	MOST 50 Basket is a fundamentally weighted basket based on S&P CNX Nifty Index (Nifty). MOST 50 Basket includes all 50 constituents of Nifty. India Index Services & Products Limited (IISL) is the calculating agent of the MOST 50 Basket. IISL shall calculate, compile, maintain and provide the values of the MOST 50 Basket.
Liquidity	<p>On the Exchange The units of the Scheme can be bought/sold on all trading days on the National Stock Exchange of India Ltd. where the Scheme is listed.</p> <p>Directly with the Mutual Fund The Scheme offers units for subscription / redemption directly with the Mutual Fund in creation unit size.</p>
Benchmark	MOST 50 Basket and S&P CNX Nifty Index
Transparency/NAV Disclosure	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 www.motilaloswal.com/assetmanagement and www.mostshares.com and also on AMFI website www.amfiindia.com 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.

	<p>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.</p> <p>The AMC shall also make available the Annual Report of the Scheme within four months of the end of the financial year.</p> <p>The AMC may also calculate intra-day indicative NAV (computed based on snapshot prices of the underlying securities traded and available on NSE) and will be updated during the market hours on its website www.motilaloswal.com/assetmanagement and www.mostshares.com. Intra-day indicative NAV will not have any bearing on the subscription or redemption of units directly with the Fund by the Authorised Participant / Large Investor.</p>
Loads	<p>Entry Load: Not Applicable Exit Load: Nil</p>
Minimum Application Amount	<p>On Exchange: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.</p> <p>Directly with the Mutual Fund: Investors can buy/sell units of the Scheme in creation unit size.</p>
Face Value	The face value of each unit of the Scheme is Rs.10/-
Listing	The units of the Scheme is listed on the National Stock Exchange of India Ltd. (NSE)
Dematerialization	The units of the Scheme are available in Dematerialization form only.

I. INTRODUCTION

A. 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.
- Motilal Oswal Asset Management Company Limited has no previous experience in managing a Mutual Fund. The present Scheme is the first Scheme being launched under its management.
- 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 Underlying Basket 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 Underlying Basket in the same proportion as the securities have in the Basket. Hence, the risk associated with the corresponding Underlying Basket would be applicable to the Scheme. The Underlying Basket has its own criteria and policy for inclusion/exclusion of securities from the Basket, its maintenance thereof and effecting corporate actions. The Fund would invest in the securities of the Basket 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 Underlying Basket. As such the Scheme is not actively managed but is passively managed.
 - c. As the units of the Scheme are 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 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. 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 Underlying Basket, etc. Tracking error has an impact on the performance of the Scheme. The Scheme's returns may therefore deviate from those of its Underlying Basket. However, the Fund would endeavor to keep the tracking error as low as possible.
- j. The MOST 50 Basket i.e. the Underlying Basket is designed by AMC which owns the intellectual property of the methodology of the Basket. The weightages assigned to the constituents of the Underlying Basket are as per the methodology formulated by the AMC which may consequently affect the returns of the Scheme.
- k. The performance of the Scheme largely depends on the performance of the calculating agent to provide the values of the Underlying Basket. The calculating agent may terminate the agreement without notice and stop providing values of the Basket and in such a case, the Scheme shall change its Underlying Basket or shall take such steps in the interests of the Investors.
- l. Risks of Fundamentally Weighted Basket
 - Markets may not value securities based on the fundamental factors used to assign weights to the basket i.e. the performance of the fundamentally weighted Basket could

be inferior to that of market capitalization based index over a prolonged period of time.

- The fundamental parameters used to weigh the Basket may not represent the true nature of the constituent as a result of the corporate actions that happen.

m. **Risks of Total Return**

Dividends are assumed to be invested into the MOSt 50 Basket 45 days after the ex-dividend date of the constituents. However in practice, the dividend is received with a lag. This can lead to some tracking error.

- **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 M50 ETF (MOST Shares M50) 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, 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. It is the responsibility of any persons in possession of this SID or SAI and any persons wishing to apply for units pursuant to this SID to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. Any changes in SEBI/Stock Exchange/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.
- 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.
- 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.

- In case the AMC or its Sponsor or its Shareholders or their affiliates/associates or group companies make substantial investment, either directly or indirectly in the Scheme, Redemption of units by these entities may have an adverse impact on the performance of the Scheme. This may also affect the ability of the other Unitholders to redeem their units.
- 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. IISL (Calculating agent)

“The MOST 50 Basket is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). MOST 50 Basket has been exclusively customized for MOAMC and has been calculated and is being maintained as per the specifications and requirements of MOAMC. IISL does not make any representation or warranty, express or implied regarding the advisability of investing in the products linked to MOST 50 Basket and availing the services generally or particularly or the ability of MOST 50 Basket to track general stock market performance in India. The relationship of IISL to MOAMC is with respect to the supply of data and information regarding MOST 50 Basket which are determined, composed and calculated by IISL without regard to MOAMC and its information product(s) or services offered or distributed. IISL has no obligation or liability in connection with the administration, marketing or trading of the information product(s) based on MOST 50 Basket”.

“IISL does not guarantee the accuracy and/or the completeness of the MOST 50 Basket or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. IISL does not make any warranty, express or implied, as to the results to be obtained by MOAMC, owners of the Product, or any other persons or entities from the use of MOST 50 Basket or any data included therein. IISL make no express or implied warranties and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to MOST 50 Basket or any data included therein. Without limiting any of the foregoing, in no event shall IISL have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages”.

"IISL has taken due care and caution in calculation, compilation, maintenance and in providing MOST 50 Basket as per the requirements, specifications and instructions of the MOST 50 Basket. Information has been obtained by IISL from sources which it considers reliable. However, IISL does not guarantee the accuracy, adequacy or completeness of information and is not responsible for any errors or omissions or for the results obtained from the use of such information. IISL is also not responsible for any errors in transmission."

2. S&P

(i) “Standard and Poor’s Financial Services LLC (“S&P”), is a Delaware limited liability company and amongst other things, is engaged in the business of developing, constructing, compiling, computing and maintaining various equity indices that are recognized worldwide as benchmarks for U.S. stock market performance. “Standard & Poor’s®” and “S&P®” are trademarks of S&P and have been licensed for use by India Index Services & Products Limited in connection with the S&P CNX Nifty Index. IISL may further license the S&P trademarks to third parties, and has licensed such marks to MOAMC in connection with the S&P CNX Nifty Index and MOST Shares M50. The S&P CNX Nifty Index is not compiled, calculated or distributed by S&P and S&P makes no representation regarding the advisability of investing in MOST Shares M50 that utilize S&P CNX Nifty Index as a component thereof, including MOST Shares M50.”; provided, that such notice need only refer to the specific S&P Marks referred to in the Informational Material.

(ii) “The MOST Shares M50 are not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (“IISL”) or Standard & Poor’s Financial Services LLC (“S&P”). Neither IISL nor S&P makes any representation or warranty, express or implied, to the owners of the MOST Shares M50 or any member of the public regarding the advisability of investing in securities generally or in the MOST Shares M50 particularly or the ability of the S&P CNX Nifty Index to track general stock market performance in India. The relationship of S&P and IISL to MOAMC is only in respect of the licensing of certain trademarks and trade names of their Index which is determined, composed and calculated by IISL without regard to the MOAMC or the MOST Shares M50. Neither S&P nor IISL has any obligation to take the needs of the MOAMC or the owners of the MOST Shares M50 into consideration in determining, composing or calculating the S&P CNX Nifty Index. Neither S&P nor IISL is responsible for or has participated in the determination of the timing of, prices at, or quantities of the MOST Shares M50 to be issued or in the determination or calculation of the equation by which the MOST Shares M50 is to be converted into cash. Neither IISL nor S&P has any obligation or liability in connection with the administration, marketing or trading of the MOST Shares M50”.

“S&P and IISL do not guarantee the accuracy and/or the completeness of the S&P CNX Nifty Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. Neither S&P nor IISL makes any warranty, express or implied, as to results to be obtained by MOAMC, owners of the MOST Shares M50, or any other person or entity from the use of the S&P CNX Nifty Index or any data included therein. IISL and S&P make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the index or any data included therein. Without limiting any of the foregoing, IISL and S&P expressly disclaim any and all liability for any damages or losses arising out of or related to the MOST Shares M50, including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.”

3. NSE Disclaimers

As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/ List/137440-H dated May 11, 2010 permission to the Mutual Fund to use the Exchange's name in this Scheme Information document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's unit will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any reason whatsoever.

D. DEFINITIONS

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

Applicable NAV	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.
Asset Management Company / AMC / Investment Manager	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.
Authorised Participant	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.
Business Day / Working Day	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

	<p>(c) a day on which the Banks in Mumbai are closed or RBI is closed</p> <p>(d) a day on which both the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. are closed</p> <p>(e) a day which is public/Bank holiday at a collection centre/ investor service centre/official point of acceptance where the application is received</p> <p>(f) a day on which sale and repurchase of units is suspended by the Trustee/AMC</p> <p>(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.</p> <p>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.</p>
Creation Unit	<p>It is the fixed number of units of the Scheme, which is exchanged for a basket of securities of the Underlying Basket called the "Portfolio Deposit" and a "Cash Component".</p> <p>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.</p>
Custodian	<p>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.</p>
Depository	<p>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).</p>
Depository Participant	<p>A person registered as a participant under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.</p>
Dividend	<p>Income distributed by the Mutual Fund on the units of the Scheme.</p>
Exit Load	<p>Load on repurchase / redemption of units.</p>
Exchange	<p>Recognized Stock Exchange(s) where the units of the Scheme is listed.</p>
Exchange Traded Fund / ETF	<p>A fund whose units are listed on an exchange and can be bought/ sold at prices, which may be close to the NAV of the Scheme.</p>
FII	<p>Foreign Institutional Investors (FII) means an institution established and incorporated outside India, and registered with</p>

	SEBI under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
IISL	India Index Services & Products Ltd., a joint venture between CRISIL Ltd. and National Stock Exchange of India Ltd. (NSE).
Investment Management Agreement / IMA	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.
Large Investor	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.
Load	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.
MOST 50 Basket	MOST 50 Basket is a fundamentally weighted Basket based on S&P CNX Nifty Index.
Money market instruments	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.
Mutual Fund	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.
Net Asset Value / NAV	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.
New Fund Offer / NFO	Offer for purchase of units of the Scheme during the New Fund Offer Period as describe hereinafter.
RBI	The Reserve Bank of India established under The Reserve Bank of India Act, 1934.
Redemption/Repurchase	Redemption of units of the Scheme as permitted
Registrar and Transfer Agent	Karvy Computershare Pvt. Ltd., Hyderabad, currently acting as registrar to the Scheme, or any other Registrar appointed by the AMC from time to time.

Sale / Subscription	Sale or allotment of units to the Unitholder upon subscription by the investor/applicant under the Scheme.
Scheme	Motilal Oswal MOST Shares M50 ETF (MOST Shares M50).
Scheme Information Document / SID	This document issued by Motilal Oswal Mutual Fund for offering units of the Scheme.
SEBI	Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Regulations	SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
Sponsor	Motilal Oswal Securities Ltd.
Statement of Additional Information / SAI	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.
Tracking Error	The extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Underlying Basket 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 Basket, etc.
Trustee	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.
Unit	The interest of Unitholder which consists of each unit representing one undivided share in the assets of the Scheme.
Unitholder / Investor	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 : June 17, 2011

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

An open ended Exchange Traded Fund.

B. INVESTMENT OBJECTIVE

The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the MOST 50 Basket (Underlying Basket), 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
	Minimum	Maximum	High/Medium/Low
Securities constituting MOST 50 Basket	95	100	Medium to High
Debt and Money market instruments and cash at call	0	5	Low to Medium

The Scheme may take an exposure to equity derivatives of constituents of the Underlying Basket for short duration when securities of the Basket are unavailable, insufficient or for rebalancing at the time of change in Basket or in case of corporate actions. When constituents securities of underlying Basket are available again, derivative positions in these securities would be unwound. The total exposure to derivatives would be restricted to 10% of the net assets of the Scheme. The margin paid for derivative instruments will form part of Debt and Money market Instruments.

D. INVESTMENT BY THE SCHEME

Investment in Equity and equity related Instruments

The Scheme will invest in the securities which are constituents of MOST 50 Basket in the same proportion as in the Basket. The investments restriction and the limits are specified in Schedule VII of SEBI (Mutual Funds) Regulations, 1996 which are mentioned in the section 'Investment Restrictions'.

Investment in Debt and Money market instruments

The Scheme may also invest in debt and money market instruments. 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 Derivatives

The Scheme may take an exposure to equity derivatives of constituents of the Underlying Basket when securities of the Basket are unavailable, insufficient or for rebalancing at the time of change in Basket or in case of corporate actions, for a short period of time. The total exposure to derivatives would be restricted to 10% of the net assets of the Scheme.

The Scheme may use derivative instruments such as 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.

Limit for investment in derivatives instruments

In accordance with SEBI circulars nos. DNPD/Cir-29/2005 dated September 14, 2005, DNPD/Cir-30/2006 dated January 20, 2006, SEBI/DNPD/Cir-31/2006 dated September 22, 2006 and Cir/IMD/DF/11/2010 dated August 18, 2010, 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 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:

1. 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.
2. 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.

ii. Position limit for the Scheme:

1. 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).
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a stock exchange.
3. For index based contracts, the Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

As and when SEBI 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 MOST 50 Basket. MOST 50 Basket is a fundamentally weighted basket based on S&P CNX Nifty Index. The MOST 50 Basket passively allocates weights to its constituents at the time of rebalancing based on the pre-defined methodology of the basket. Thus, all the provisions pertaining to an Index Fund prescribed under SEBI (Mutual Funds) Regulations, 1996, circulars, guidelines, issued thereon, would be applicable to the Scheme. MOST 50 Basket has been designed by Motilal Oswal Asset Management Company Ltd. (MOAMC) which owns the intellectual property of the methodology of the Basket. The Scheme seeks to achieve this goal by investing in securities constituting the MOST 50 Basket in same proportion as in the Basket. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Basket. The Scheme may also invest in debt and money market instruments to meet the liquidity and expense requirements. The Scheme may also take exposure in derivative instruments when securities of the Basket are unavailable, insufficient or for rebalancing at the time of change in Basket or in case of corporate actions, for a short period of time in order to minimize the tracking error.

Risk Mitigation and Portfolio Diversification of MOST 50 Basket

The capital allocation strategy of the MOST 50 Basket is designed to reduce the risk associated with price volatility of individual constituents.

The sum total of the weights of all the Basket constituents, which individually have more than 5% weight in the Basket, shall always be less than 49.9999% of the Basket capital.

Further, at the time of rebalancing of the MOST 50 Basket, no constituent would be given a capital allocation of more than 8% of the Basket capital and capital allocation to every Basket constituent will always be less than 19.9999% of Basket capital.

In order to ensure that the Basket is adequately diversified, MOST 50 Basket capital allocation strategy is to allocate capital in the following categories:

- Highest capital allocation category: This category has 2-5 constituents and 6% to 8% of the Basket capital is allocated to each member of this category.
- Second highest capital allocation: This category has 3-7 constituents and 4% to 6% of the Basket capital is allocated to each member of this category.
- Third highest capital allocation category: This category has 9-15 constituents and 2.5% to 4% of the Basket capital is allocated to each member of this category.
- Lowest capital allocation category: This category has the remaining constituents and the remaining unallocated capital is allocated equally to each member of this category.

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 Basket or due to corporate actions of the securities constituting the Basket.

Investment by AMC in the Scheme

AMC may invest in the Scheme 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 may invest subscription money received from the investors, in bank deposits or money market instruments before finalization of the allotment of units. The AMC, on being satisfied of the receipt of the minimum subscription amount, can commence investment, out of the funds received, in accordance with the investment objective of the Scheme and as per the existing Regulations. The income earned out of such investments would be merged with the corpus of the Scheme on completion of the allotment of the units.

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 Basket. 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.

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 Underlying Basket and the NAV of the Scheme. Theoretically, the corpus of the Scheme has to be fully invested in the securities comprising the Underlying Basket in the same proportion of weightage as the securities have in the Underlying Basket. 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 Basket including changes to the constituents, regulatory policies, ability of the Fund Manager to closely replicate the Underlying Basket, etc. The Scheme's returns may therefore deviate from those of its Underlying Basket. Tracking Error may arise due to the following reasons: -

1. Fees and expenses of the Scheme.
2. Cash balance held by the Scheme due to dividend received, subscriptions, redemption, etc.
3. Halt in trading on the stock exchange due to circuit filter rules.
4. 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 Basket. Whenever there are any changes, the Scheme has to reallocate its investment as per the revised Basket but market conditions may not offer an opportunity to rebalance its portfolio to match the Basket 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. Under normal market circumstances, such tracking error is not expected to exceed by 2% p.a. However, in case of events like, dividend issuance by constituent members, rights issuance by constituent members, and market volatility during rebalancing of the portfolio following the rebalancing of the Underlying Basket, etc. or in abnormal market circumstances, the tracking error may exceed the above limits. There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Basket.

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 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 primarily to MOST 50 Basket and in addition, it will be benchmarked to S&P CNX Nifty Index. As the Scheme would invest in securities constituting the Underlying Basket, MOST 50 Basket is an appropriate benchmark for the Scheme and as MOST 50 Basket is a fundamentally weighted Basket based on S&P CNX Nifty Index, it would be appropriate to also benchmark the Scheme against S&P CNX Nifty Index.

The Trustees reserves the right to change the benchmark 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 other prevailing guidelines, if any.

H. FUND MANAGER

Mr. Rajnish Rastogi is the Fund Manager of the Scheme.

Mr. Rastogi, aged 40 years, is a CFA Charter holder given by the CFA Institute, USA, a B.Tech. (Electrical Engg.) from Indian Institute of Technology, Delhi and an M.Tech. (Management & Systems) from Indian Institute of Technology, Delhi. He has 15 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.

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.

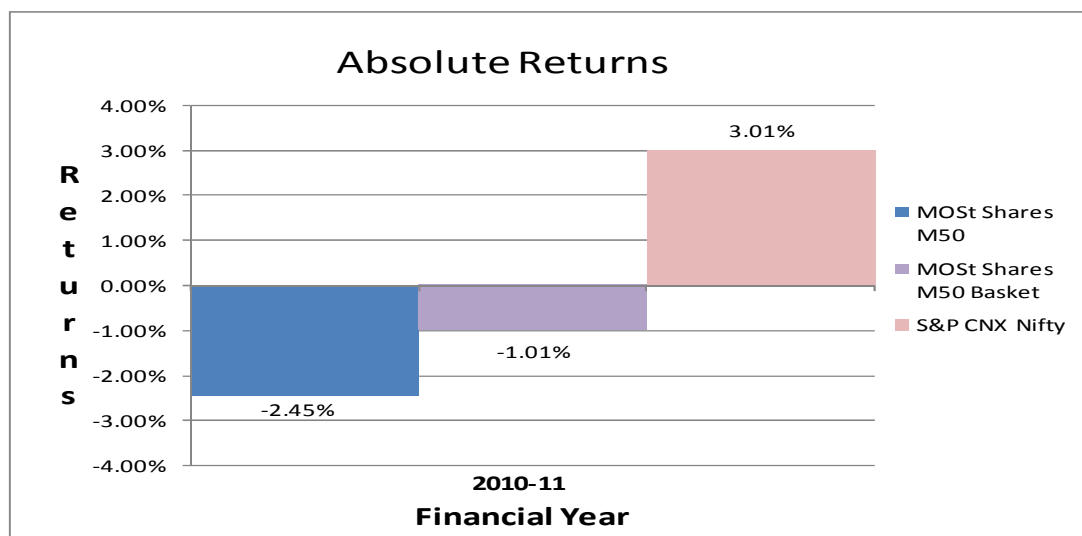
2. The Mutual Fund shall get the securities purchased or transferred in the name of the Mutual Fund on account of the concerned scheme, wherever investments are intended to be of long-term nature.
3. The Mutual Fund under all its schemes shall not own more than ten per cent of any company's paid up capital 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. The Scheme may invest in another scheme under the same asset management company or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the Mutual Fund :
6. 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.
7. 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.
8. The Scheme shall not make any investment in any fund of funds scheme.

9. 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.
10. 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.
11. 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.

J. SCHEME PERFORMANCE

(a) Absolute Returns



(b) Returns as on May 31, 2011

Particulars	Scheme	Benchmark	
		MOST 50 Basket	S&P CNX Nifty Index
Since Inception	Motilal Oswal MOSt Shares M50 ETF (MOSt Shares M50)	-1.01%	3.01%

Returns are absolute as the Scheme has not completed one year. Returns since inception are calculated from the date of allotment i. e. July 28, 2010. Past performance may or may not be sustained in future.

K. ABOUT MOST 50 BASKET

1. Objective

MOST 50 Basket is a fundamentally weighted basket based on S&P CNX Nifty Index. The MOST 50 Basket passively allocates weights to its constituents at the time of rebalancing based on the pre-defined methodology of the basket. Thus, all the provisions pertaining to an Index Fund prescribed under SEBI (Mutual Funds) Regulations, 1996, circulars, guidelines, issued thereon, would be applicable to the Scheme. MOST 50 Basket has been designed by Motilal Oswal Asset Management Company Ltd. (MOAMC) which owns the intellectual property of the methodology of the Basket.

MOST 50 Basket is a fundamentally weighted Basket based on S&P CNX Nifty Index.

MOST 50 Basket is designed such that it has the following characteristics:

- 1.1. Weights are assigned to all 50 constituents of Nifty Index.
- 1.2. Weights assigned to constituents are based on third party data and a set of defined rules.
- 1.3. Weights assigned to constituents are dependent on their fundamental performance and their prices with higher weights being assigned to constituents which have demonstrated superior financial performance and have reasonable valuation.
- 1.4. While designing the MOST 50 Basket, the following performance objectives were taken into consideration:
 - 1.4.1. Beta (β) is a measure of the correlation of the returns generated by an investment strategy with market returns. Market returns are defined as returns of Nifty Index. A high co-relation between MOST 50 Basket and Nifty would indicate that the variations in MOST 50 Basket and Nifty are similar in nature. The objective of the MOST 50 Basket design process was to seek an Basket beta of close to 1 in the long run.
 - 1.4.2. Jensen's alpha (α) is a measure of returns generated by an investment strategy generates, over and above the returns generated by the markets. A high Basket Jensen's alpha would indicate that over the long run, the MOST 50 Basket would be able to generate returns which are higher than those generated by Nifty. The objective of the MOST 50 Basket design process was to seek a reasonably high Jensen's alpha in the long run.
 - 1.4.3. Sharpe ratio is a measure of risk adjusted returns provided by an investment strategy. It helps in measurement of returns generated in relation to the risk taken by a given investment strategy. A high Sharpe ratio indicates that the returns generated are high for the level of risk assumed. The objective of the

MOST 50 Basket design process was to achieve a reasonably high Sharpe Ratio in the long run. This would ensure that superior returns are generated while keeping the investment risks under control.

1.4.4. Basket turnover measures the activity in the Basket constituents arising out of either changes in the constituents of the Basket or the changes in the weights of the constituents. Both these activities require the fund managers to rebalance their holdings and leads to trading costs being borne by the fund. As MOST 50 Basket is a fundamentally weighted Basket based on S&P CNX Nifty Index, it is expected to have a turnover which is higher than Nifty. The objective of the MOST 50 Basket design process was to keep the Basket turnover to a reasonable level.

2. MOST 50 Basket ownership

MOST 50 Basket has been designed by Motilal Oswal Asset Management Company Ltd. (MOAMC) which owns the intellectual property of the methodology of the Basket.

3. MOST 50 Basket Universe

MOST 50 Basket consists of all 50 constituents of Nifty. As a result, the eligibility criteria of the MOST 50 Basket are the same as those of Nifty. As of today, Nifty consists of companies operating in 22 sectors of the economy.

4. Change in constituents

The constituents of MOST 50 Basket will be the same as the constituents of Nifty. The constituents of MOST 50 Basket will therefore change every time there is a change in constituents of Nifty.

5. MOST 50 Basket value and composition calculation

India Index Services & Products Ltd. (IISL), a joint venture between the National Stock Exchange of India Ltd. (NSE) and CRISIL Ltd., is the calculating agent of the MOST 50 Basket. IISL shall calculate, compile, maintain and provide the Basket values of the MOST 50 Basket.

IISL will provide the weights of the constituents of the MOST 50 Basket along with the value of the Basket to Motilal Oswal Asset Management Company Ltd.

6. Total Return Capture

Most of the popularly quoted indices are usually price level indices, i.e. the indices capture only the price variations in the underlying constituents. For e.g. S&P CNX Nifty Index, BSE Sensex.

Total Return captures the price variations in the underlying constituents and the dividend performance of the constituents of the Basket.

MOST 50 Basket is a total return Basket. It captures the price variations in the underlying constituents along with the dividend performance of the constituents of the Basket. It assumes that dividend is received by the Basket on the day the Basket constituent goes ex-dividend.

Further it assumes that the dividend received is re-invested into the MOST 50 Basket 45 days after a constituent goes ex-dividend.

7. Constituent Weights

The weights assigned to the constituents of the MOST 50 Basket are determined independent of group companies and affiliates of MOAMC as:

- The calculating agent of the MOST 50 Basket, i.e. IISL will calculate the weights of the MOST 50 Basket constituents.
- The MOST 50 Basket methodology uses only third part data to assign weights to the MOST 50 Basket constituents.
- The methodology of the MOST 50 Basket is frozen till any change is made by MOAMC after obtaining prior consent of majority of independent members of the Board of Trustees of Motilal Oswal Trustee Company Limited, the Trustees to Motilal Oswal Mutual Fund.

7.1. Constituents and their weights

In the MOST 50 Basket, weights are assigned to all 50 constituents of Nifty Index based on the prevailing prices and the fundamental financial performance of the constituents. These weights will be calculated by the calculating agent of the MOST 50 Basket i.e. IISL.

IISL will calculate the rebalanced weights of the constituents of the MOST 50 Basket, whenever any of the following happens:

- a. Every time, there is a change in the constituents of Nifty
- b. One year elapses from the last change in the weight of the constituents of MOST 50 Basket.
- c. The weight of any Basket constituent exceeds 19.9999% of the Basket at the closing prices of the Basket and its constituents.
- d. The sum total of weight of all Basket constituents, which individually have more than 5% weight in the Basket, exceeds 49.9999% of the Basket at the closing prices of the Basket and its constituents.

The rebalancing of MOST 50 Basket helps it in reassessing the financial strength and valuation of the constituents at that time based on price action and business actions that have taken place till then. At the time of rebalancing, weights given to constituents of MOST 50 Basket are based on the fundamental financial performance of the constituents and the price at which the constituents are trading.

At the time of the inception of MOST 50 Basket and at the time of its rebalancing, the MOST 50 Basket constituents are classified into four categories and capital is allocated to the constituents as per the categories in which the companies fall as detailed below:

- Highest capital allocation category : This category has 2-5 constituents and 6% to 8% of the Basket capital is allocated to each member of this category.
- Second highest capital allocation: This category has 3-7 constituents and 4% to 6% of the Basket capital is allocated to each member of this category.
- Third highest capital allocation category: This category has 9-15 constituents and 2.5% to 4% of the Basket capital is allocated to each member of this category.
- Lowest capital allocation: This category has the remaining constituents and the remaining unallocated capital is allocated equally to each member of this category.

7.2. MOST 50 Basket is a drifting weight Basket. The constituents of the Basket are assigned weights at the time of their rebalancing as defined above. The prices of the constituents change on a daily basis. As a result, between the rebalancing dates, the weight of constituents drift from those assigned to them on the date of rebalancing.

The number of shares of a constituent, forming the part of the Basket, are calculated at the time of each rebalance. Assuming no corporate actions, the number of shares of a constituent will not change till the next re-balance. The change in weightage of an individual constituent between re-balances is just a reflection of the price movement of the constituent.

7.3. MOST 50 Basket value remains the same whenever there is a change in its constituents or the weights of its constituents.

7.4. Parameters that go into deciding the weights of the constituents of MOST 50 Basket are detailed below:

7.4.1. **Shareholder funds (also known as shareholder equity):** It consists of the funds raised by the company from its shareholders and the earnings that it has retained till date. These are funds available to the company to be deployed for productive purpose and help the companies generate future profits.

7.4.2. **Return on Equity (also known as ROE, Return on average common equity, or return on networth):** It measures a firm's efficiency at generating profits from every unit of shareholders' equity.

$$\text{ROE} = \text{Profit after tax} / \text{Average Common Shareholder Equity}$$

ROE shows how well a company uses investment funds to generate earnings growth. The benefit comes from the earnings reinvested in the company at a high ROE rate, which in turn gives the company a high growth rate.

- 7.4.3. **Plow back Ratio (also know as retention ratio):** It indicates the percentage of a company's earnings that are retained by the company and plowed back for future earnings growth

$$\text{Plow back Ratio} = \text{Retained Earnings} / \text{Profit after tax}$$

These parameters are converted into per share numbers. Further, the parameters are adjusted for corporate actions that the constituents have undertaken.

- 7.4.4. **Closing Market Price:** It is the price at which the constituent are traded on the day of rebalancing of the Basket.

8. Base MOST 50 Basket value

At the time of its inception, the value of MOST 50 Basket will be equal to the closing value of Nifty. The date of Inception of the MOST 50 Basket is April 3, 2007 and the Base value of the MOST 50 Basket is 3690.65.

9. MOST 50 Basket publication

9.1. Location

The value of MOST 50 Basket will be provided by IISL to Motilal Oswal Asset Management Company Ltd who will publish it on the AMC's website (www.motilaloswal.com/assetmanagement and www.mostshares.com).

9.2. Calculation frequency of publication

The MOST 50 Basket will be calculated at the "End of each Trading Day". The end of day Basket values for each day would be provided only in INR currency.

10. Change in methodology

MOST 50 Basket has been designed by Motilal Oswal Asset Management Company Ltd. (MOAMC) which owns the intellectual property of the methodology of the basket. IISL is the calculating agent of the MOST 50 Basket. IISL shall calculate, compile, maintain and provide the Index values of the MOST 50 Basket.

Any change in methodology of the MOST 50 Basket by MOAMC would only be carried out by obtaining prior consent of majority of independent members of the Board of Trustees of Motilal Oswal Trustee Company Limited, the Trustees to Motilal Oswal Mutual Fund.

MOAMC would further ensure that decisions pertaining to the MOST 50 methodology are not influenced by group companies or its affiliates.

11. Constituent

The MOST 50 Basket constituent as on May 31, 2011 is detailed below:

Company Name	
ACC	Kotak Mahindra Bank
Ambuja Cements	Larsen & Toubro
Axis Bank	Mahindra & Mahindra
Bajaj Auto	Maruti Suzuki India
Bharat Heavy Electricals	NTPC
Bharat Petroleum Corp	Oil & Natural Gas Corp
Bharti Airtel	Power Grid Corp of India
Cairn India	Punjab National Bank
Cipla	Ranbaxy Laboratories
DLF	Reliance Capital
Dr Reddies Laboratories	Reliance Communications
GAIL India	Reliance Industries
Grasim Industries	Reliance Infrastructure
HCL Technologies	Reliance Power
HDFC Bank	Sesa Goa
Hero Honda Motors	Siemens India
Hindalco Industries	State Bank of India
Hindustan Unilever	Steel Authority of India
Housing Development Finance Corporation	Sterlite Industries India
ICICI Bank	Sun Pharmaceutical Industries
IDFC	Tata Consultancy Services
Infosys Technologies	Tata Motors
ITC	Tata Power Co
Jaiprakash Associates	Tata Steel
Jindal Steel & Power	Wipro

III. UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

This section does not apply to the Scheme covered in this SID, as the ongoing offer of the Scheme has commenced after the NFO and the Units are available for continuous subscription and redemption.

B. ONGOING OFFER DETAILS

<p>Ongoing Offer Period This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Ongoing Offer for subscription and redemption commenced from July 30, 2011.</p>
<p>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the Mutual Fund) by investors. This is the price you need to pay for purchase/switch-in.</p>	<p>On the Exchange : As the Scheme is listed on the National Stock Exchange , the investor can buy units on an ongoing basis on the National Stock Exchange of India Ltd. (NSE)) 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>Directly with the Mutual Fund : 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 50,000 units and in multiples thereafter.</p>
<p>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors. This is the price you will receive for redemptions/switch outs.</p>	<p>On the Exchange : As the Scheme is listed on the exchange, the investor can sell units on an ongoing basis on the National Stock Exchange of India Ltd. at the traded prices. The units are redeemed in round lots of 1 unit.</p> <p>Directly with the Mutual Fund : 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 50,000 units and in multiples thereafter.</p>
<p>Procedure for subscribing / redeeming units directly with the fund</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>

The Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of shares underlying the Basket 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 Underlying Basket. 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.

The number of units of the Scheme that investors can create in exchange of the Portfolio Deposit and Cash Component is 50,000 units and in multiples thereof.

The facility of creating units in Creation Unit size is available to the Authorised Participants (whose names will be available on our website www.motilaloswal.com/assetmanagement and www.mostshares.com) and large investors.

For creating units of the Scheme in creation unit size:

The Authorised Participant/Large Investor would transfer the requisite basket of securities comprising the constituents of MOST 50 Basket 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.

For redeeming units of the Scheme in creation unit size:

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.

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.
Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.	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.
Where can the applications for purchase/redemption switches be submitted?	The applications for purchase/redemption of units directly with the Fund would be submitted at the AMC's Corporate office.
Minimum amount for purchase/redemption/switches	On the Exchange: 1 unit and in multiples thereof. Directly with the Mutual Fund: The minimum amount for purchase/redemption would be in creation unit size of 50,000 units and in multiples thereof.
Minimum balance to be maintained and consequences of non maintenance.	Nil
Plans/Options Offered	The Scheme offers only Growth Option.
Dividend Policy	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 & NSE Regulations, as applicable from time to time.
Dematerialization	i. The units of the Scheme are available in the Dematerialized (electronic) mode. 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.

	<p>iii. The units of the Scheme are issued/repurchased and traded compulsorily in dematerialized form.</p> <p>Applications without relevant details of their depository account are liable to be rejected.</p>
<p>Who can invest</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"> 1. Resident adult individuals, either singly or jointly (not exceeding three) or on anyone or Survivor basis. 2. Minors through Parents/Lawful Guardian. 3. Hindu Undivided Family (HUF) through its Karta. 4. Partnership Firms in the name of any one of the partner. 5. Proprietorship in the name of the sole proprietor. 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. 7. Banks (including co-operative Banks and Regional Rural Banks), Financial Institutions. 8. Mutual Fund schemes registered with SEBI. 9. Non-Resident Indians (NRIs) / Persons of Indian Origin (PIOs) residing abroad on repatriation basis and on non-repatriation basis. 10. Foreign Institutional Investors (FII) registered with SEBI on repatriation basis (subject to RBI approval). 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. 12. Army, Air Force, Navy, Para-military funds and other eligible institutions. 13. Scientific and Industrial Research Organizations. 14. Multilateral Funding Agencies or Bodies Corporate incorporated outside India with the permission of Government of India Reserve Bank of India. 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. 16. Provident / Pension / Gratuity / Superannuation and such other retirement and employee benefit and other similar funds as and when permitted to invest. 17. Other Associations, Institutions, Bodies etc. authorized to invest in the units of Mutual Fund. 18. Trustees, AMC, Sponsor or their associates may subscribe to the units of the Scheme.

	19. Such other categories of investors permitted by the Mutual Fund from time to time, in conformity with the SEBI Regulations.
How to Apply	Please refer to the SAI and Application form for the instructions.
Listing	<p>The units of the Scheme is listed on the National Stock Exchange of India Ltd. (NSE).</p> <p>AMC/Trustee reserves the right to list the units of the Scheme on any other recognized stock exchange as and when the AMC/Trustee consider it necessary in the interest of the Unitholders of the Scheme.</p>
Special Products available	The Scheme does not offer any special products.
Accounts Statements	<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>Note: 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>
Dividend	The dividend warrants shall be dispatched to the Unitholders within 30 days of the date of declaration of the dividend.
Redemption	The redemption or repurchase proceeds shall be dispatched to the Unitholders within 10 working days from the date of redemption or repurchase.
Delay in payment of redemption / repurchase proceeds	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).
Bank Account Details	As per SEBI requirements, it is mandatory for an investor to

	<p>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>
<p>Purchase / Sale of the units of Scheme on the Exchange</p>	<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> <p>If the average discount, of the bid price to the indicative NAV over a period of 30 trading days is greater than 3%, then an investor can sell its units of the Scheme directly to the Fund</p>

	for a period of 3 consecutive trading days with an exit load of 1% of NAV of the Scheme. The notification of the same would be displayed on our website.
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.	Units once redeemed/repurchased will not be re-issued.
Transaction handling charges	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.
Cost of trading on the Stock Exchange	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.
Right to limit Redemptions	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.
Restrictions, if any, on the right to freely retain or dispose of units being offered.	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.

Example of Creation and Redemption of Units

Each Creation Unit consists of 50,000 units of Motilal Oswal MOST Shares M50 ETF (MOST Shares M50). 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 weightages of each security in the Underlying Basket. 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 Underlying Basket or there is a rebalance in the Underlying Basket.

The example of Creation Unit as on May 31, 2011 for Motilal Oswal MOST Shares M50 ETF (MOST Shares M50) is as follows:

Security in the Underlying Basket	Quantity	Price	Value
ACC	23.00	1,027.25	23,627
AMBUJA CEMENTS	1,043.00	138.75	144,716
AXIS BANK	18.00	1,282.50	23,085
BAJAJ AUTO	105.00	1,344.50	141,173
BHARAT HEAVY ELECTRICALS	69.00	1,943.15	134,077
BHARAT PET CO COMMON	41.00	633.00	25,953
BHARTI AIRTEL	71.00	374.15	26,565
CAIRN INDIA	67.00	338.90	22,706
CIPLA	77.00	326.05	25,106
DLF	101.00	238.95	24,134
DR REDDIES LABORATORIES	15.00	1,615.85	24,238
GAIL INDIA	309.00	444.80	137,443
GRASIM INDUSTRIES	111.00	2,302.75	255,605
HCL TECHNOLOGIES	51.00	514.80	26,255
HDFC BANK	11.00	2,399.55	26,395
HERO HONDA MOTORS	16.00	1,854.75	29,676
HINDALCO INDUSTRIES	116.00	197.35	22,893
HINDUSTAN UNILEVER	88.00	304.55	26,800
HOUSING DEVELOPMENT FINANCE	294.00	684.05	201,111
ICICI BANK	135.00	1,086.10	146,624
INFOSYS TECHNOLOGIES	8.00	2,785.65	22,285
INFRASTRUCTURE DEV FINANCE	1,755.00	142.20	249,561
ITC	137.00	193.35	26,489
JAIPRAKASH ASSOCIATES	1,589.00	86.55	137,528
JINDAL STEEL AND PWER	36.00	649.20	23,371
KOTAK MAHINDRA BANK	53.00	441.45	23,397
LARSEN & TOUBRO	15.00	1,642.35	24,635
MAHINDRA & MAHINDRA	213.00	672.10	143,157
MARUTI SUZUKI INDIA	20.00	1,230.15	24,603
NATIONAL THERMAL POWER CORP	135.00	168.25	22,714
OIL & NATURAL GAS CORP	87.00	281.05	24,451
POWER GRID CORP OF INDIA	1,450.00	101.05	146,523
PUNJAB NATIONAL BANK	21.00	1,099.60	23,092
RANBAXY LABORATORIES	53.00	551.90	29,251
RELIANCE CAPITAL	331.00	501.35	165,947
RELIANCE COMMUNICATION VENTU	226.00	89.50	20,227
RELIANCE INDUSTRIES	23.00	951.85	21,893
RELIANCE INFRASTRUCTURE	298.00	569.05	169,577
RELIANCE POWER	193.00	118.00	22,774
SESA GOA	519.00	289.90	150,458
SIEMENS INDIA	27.00	873.80	23,593

STATE BANK OF INDIA	71.00	2,297.95	163,154
STEEL AUTHORITY OF INDIA	144.00	140.60	20,246
STERLITE INDUSTRIES (INDIA)	141.00	171.50	24,182
SUN PHARMACEUTICAL INDS	52.00	477.45	24,827
TATA CONSULTANCY SERVICES	22.00	1,157.15	25,457
TATA MOTORS	123.00	1,095.30	134,722
TATA POWER CO.	213.00	1,231.80	262,373
TATA STEEL	233.00	589.00	137,237
WIPRO	54.00	446.40	24,106
			3,800,010

Value of Portfolio Deposit : Rs. 3,800,010

Value of Cash Component : Rs. 6,027

Total Value of Creation Unit : Rs. 3,806,037

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:

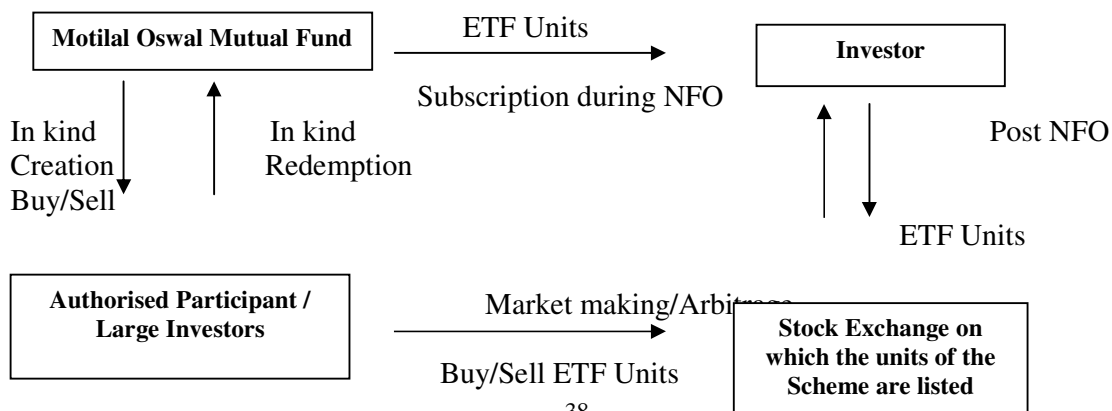
Number of units comprising one Creation Unit	50,000
NAV per unit	76.1207
Value of 1 Creation Unit	3,806,037
Value of Portfolio Deposit (pre defined basket of securities of the Underlying Basket)	3,800,010
Cash Component	6,027

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.

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 and 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.

Motilal Oswal MOSSt Shares M50 ETF (MOSSt Shares M50) would work as follows:



C. PERIODIC DISCLOSURES

<p>Net Asset Value</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 30 days from the closure of the NFO period.</p> <p>Subsequently, the AMC shall declare the NAV of the Scheme on every business day on AMFI's website www.amfiindia.com by 9.00 p.m. and also on our website www.motilaloswal.com/assetmanagement and www.mostshares.com. 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>The AMC may also calculate intra-day indicative NAV (computed based on snapshot prices of the underlying securities traded and available on NSE) and will be updated during the market hours on its website www.motilaloswal.com/assetmanagement and www.mostshares.com. Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund.</p>
<p>Half yearly Disclosures: Portfolio / Financial Results</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 at least, 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>Half Yearly Results</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</p>

	financial result would also be placed on our website www.motilaloswal.com/assetmanagement and www.mostshares.com and AMFI website www.amfiindia.com .
Annual Report	<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 www.motilaloswal.com/assetmanagement and www.mostshares.com and AMFI website www.amfiindia.com.</p>
Associate Transactions	Please refer to Statement of Additional Information (SAI).
<p>Taxation</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>	For details on taxation please refer to the section ‘Taxation on investing in Mutual Funds’ in the SAI.
Investor services	<p>Mr. Sanjay Dongre Motilal Oswal Asset Management Company Limited 81/82, 8th floor, Bajaj Bhavan Nariman Point, Mumbai - 400021 Tel No.: 022 -39804120 Email.: sanjay.dongre@motilaloswal.com mfservice@motilaloswal.com</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 www.motilaloswal.com/assetmanagement and www.mostshares.com 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 30 days from the date of closure of the NFO period. 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.

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 were 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	First Rs. 1,000 Crores (% per annum to weekly average Net Assets)
Investment Management & Advisory Fee	0.75
Custodial Fees	0.04
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	0.04
Audit Fees / Fees and expenses of trustees	0.01
Marketing & Selling Expenses	0.07
Other expenses	0.05
Total Recurring Expenses	1.00

For the Next Rs. 2,000 Crores - 0.75% p.a. of the weekly average net assets of the Scheme
Over Rs. 3,000 Crores - 0.50% p.a. of the weekly average net assets of the Scheme

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.

The above overall expenses provided slab wise would be the maximum that would be charged to the Scheme.

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 and www.mostshares.com or may call at toll free no. 1800-200-6626 or your distributor.

Type of Load	Load chargeable (as %age of NAV)
Entry	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.
Exit Load	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 and 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 May 2011, the NSE has levied penalties/fines on Motilal Oswal Securities Ltd. (MOSL), aggregating to Rs. 3.7 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 January 2011, the BSE has levied penalties/fines aggregating to Rs. 1.35 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 January 2011, the CDSL has levied penalties/fines aggregating to Rs. 9904 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 requested SEBI to drop further proceedings in the matter. The order of SEBI is awaited in this regard.
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 January 7, 2010. The Scheme is the first product offered by Motilal Oswal Mutual Fund.

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 : June 17, 2011**