

## ADDENDUM DATED JULY 03, 2004 TO THE OFFER DOCUMENT OF KOTAK EQUITY FOF

### Sub: Modification in the Initial Issue Expenses

#### Chapter I – Highlights, Risk Factors and Due Diligence (Page 3)

In the table under “Highlights, Risk Factors and Due Diligence”, under the feature Load Structure, the information on ‘Initial Issue Expenses’ will be substituted by the following:

#### Initial Issue Expenses:

Initial Issue Expenses of upto 4.25% may be incurred by the Fund. The Entry Load (i.e. 2.25%) collected during the Initial Offer Period (IPO) shall be used to meet the Broker/Agent's commission incurred during the IPO. Further, the remaining 2% shall be utilised to meet initial issue expenses comprising Marketing and Advertising, Printing and Mailing, Additional Brokerage / Commission, Registrar Expenses, Bank charges and Other Expenses.

#### Chapter V – Units (Page 27)

In Chapter V (Part A); Section 7, ‘Expenses of Initial Issue’, shall be replaced by the following:

As per the Regulations, the Initial Issue expenses comprising Broker/Agent's commission, advertising, publicity, marketing, registrar expenses, etc., charged to the Scheme, shall not exceed 6% of the amount collected under the Scheme.

However, in respect of the Scheme, Initial Issue Expenses of upto 4.25% may be incurred by the Fund as under: a) Expenses relating to Broker / Agent's commission incurred during the Initial Offer Period (IPO) shall be met out of the Entry Load (2.25%) collected during the IPO. b) Initial Issue Expenses comprising of Marketing and Advertising, Printing and Mailing, Additional Brokerage / Commission, Registrar Expenses, Bank charges and Other Expenses, subject to a maximum of 2% of the amount collected (net of Entry load) by the Scheme, will be amortised over a period not exceeding three years in the manner provided in the Regulations.

Actual expenses incurred in excess of 4.25% of the amount collected shall be borne by the AMC.

Thus, the amount available to the Scheme for investments for each Rs. 100/- contributed by the investor will be Rs. 95.8435 [(Rs. 100 less Load amount utilised for payment of Broker/Agent commission (Rs. 2.2005) less Initial Issue Expenses comprising Marketing and Advertising, Printing and Mailing, Additional Brokerage / Commission, Registrar Expenses, Bank charges and Other Expenses (Rs.1.9560)]

#### Chapter VI – Loads and recurring expenses (Page 35)

In Chapter VI (Part B); Section 1, ‘Expenses of Initial Issue’, is replaced by the following. However, the “Illustration of Impact of Initial Issue Expenses on NAV” is not replaced.

As per the Regulations, the Initial Issue expenses comprising Broker/Agent's commission, advertising, publicity, marketing, registrar expenses, etc., charged to the Scheme, shall not exceed 6% of the amount collected under the Scheme.

However, in respect of the Scheme, Initial Issue Expenses of upto 4.25% may be incurred by the Fund as under: a) Expenses relating to Broker / Agent's commission incurred during the Initial Offer Period (IPO) shall be met out of the Entry Load (2.25%) collected during the IPO. b) Further, the remaining 2% shall be utilised to meet initial issue expenses comprising of Marketing and Advertising, Printing and Mailing, Additional Brokerage / Commission, Registrar Expenses, Bank charges and Other Expenses. For the Scheme, the estimates for the 2% of Initial Issue Expenses is as given below:

Initial Issue Expenses (2%)	%age of Amount Collected
Marketing and Advertising	0.75
Printing and Mailing	0.20
Additional Broker/Agent's Commission	0.75
Registrar Expenses	0.15
Bank charges and Other Expenses	0.15
<b>Total</b>	<b>2.00</b>

These estimates are made in good faith by the AMC and the actual expenses may be different from these estimates, inter se.

#### **Illustration of Amount available to Scheme for Investment**

Assumptions made for the purpose of the illustration:

- The calculations are made for every Rs. 100 invested by an investor.
- The Entry Load amount collected is utilised for payment of Broker/Agent's commission

Unitholders Investment (Rs.)	100
Purchase Price at which Units are allotted (Rs.)	10.2250
No of Units allotted	9.780
Load Amount utilised for payment of Broker/Agent comm. (Rs.)	2.2005
Balance Amount (Rs.)	97.7995
Initial Issue Expenses (comprising of Marketing and Advertising, Printing and Mailing, Additional Brokerage / Commission, Registrar Expenses, Bank charges and Other Expenses) incurred	$97.7995 \times 2\% = 1.9560$
Amount available to Scheme for investment	95.8435

**This addendum is and integral part of the Offer Document.**

**Ajay Bagga**  
Chief Executive Officer