

**ADDENDUM DATED FEBRUARY 29, 2008 TO THE OFFER DOCUMENT OF KOTAK FLEXI
FUND OF FUNDS**

The following changes have been effected in the Kotak Flexi Fund of Funds ("the Scheme") with effect from March 1, 2008:

Chapter IV (Page 22)

Under part 'A' of the aforesaid chapter, point 4, "Investment Strategy" shall be replaced as under:

4. Investment Strategy

The Scheme will invest predominantly in open-ended diversified equity schemes and/or liquid/ short term/ floating rate schemes /plans of Mutual Funds, which are registered with SEBI. The scheme will allocate investments dynamically between equity schemes and liquid/ short term/ floating rate schemes /plans.

The Fund Manager will normally invest not more than 25% of the net assets in diversified large cap equity scheme(s) of KMMF. The scheme may invest the entire non-equity allocation in liquid/ short-term/ floating rate plans of KMMF.

Broadly, the following two parameters will be used to determine the universe of diversified equity schemes and analyse them.

1. Investment Style: This is the general approach a fund manager uses when selecting securities for a scheme. This approach is stated in the investment objective and strategy of the offer document and is reflected in the nature of the portfolio. This parameter in conjunction with the market capitalisation of underlying stocks in each scheme is used for defining the universe of diversified equity schemes. This approach is used to determine whether a scheme is part of the diversified large cap category, diversified aggressive category or none of these. If a scheme has most of its holdings in large cap stocks, is generally well diversified across sectors and does not have large concentration in any one sector, it would be usually categorised as large cap diversified scheme. If a scheme has predominantly mid cap stocks or has large cap stocks but with concentration in sectors may be categorised as a diversified aggressive scheme. The portfolio over the latest six months of the scheme is used to decide the category

A combination of quantitative filters and qualitative judgment will be used in fund selection.

Quantitative analysis: Past performance of funds will be evaluated based on parameters like consistency in generating better risk and style adjusted returns, fund volatility, etc. The funds will be ranked based on combination of above listed parameters and best performing funds will be further subjected to qualitative judgment process described below.

Qualitative judgment: The Fund-Of-Funds manager, if considered necessary, may interact with the fund-management teams of prospective/

current underlying funds to assess them on parameters like consistency and merits-demerits of their investment style (cap, sector, growth/value bias), research depth, clarity in decision making process and transparency in disclosures.

Hence, only the funds which pass through both quantitative and qualitative filters described above shall be included as underlying funds in the Kotak Dynamic Fund of Funds.

Pending deployment of the funds of the Scheme in terms of the investment objective, the Fund can invest the funds of the Scheme in short term deposits of scheduled commercial banks as per the guidelines given in SEBI Circular nos. SEBI/IMD/CIR No. 1/91171/07 dated April 16 2007 and SEBI circular no SEBI/IMD/CIR No. 8 / 107311 /07 dated October 26, 2007.

This addendum is an integral part of the Offer Document.

**Sandesh Kirkire
Chief Executive Officer**