

## INTRODUCTION OF STAR KID FACILITY UNDER KOTAK OPPORTUNITIES

### **FACILITY OBJECTIVE:**

The Facility is suitable for investors who intend to build a fund for their child/children. The facility helps an investor to build the fund through monthly Systematic Investment Plan (SIP) and will be known as "Star Kid - Kotak Opportunities". Unit holder under this scheme can save systematically by participating in this scheme and build a fund that can help unit holders to finance child's future needs. The benefit of financing child's future is assured under this scheme even in case of demise of the (First) Unit holder as, in addition to the investments with accrued returns, a lump sum amount equal to the cumulative SIP installments remaining to be paid till the completion of term chosen under this facility from the date of death of the (First) unit Holder, will be paid to the nominee through an insurance arrangement\* under this Insurance benefit facility (will be referred to as "insurance benefit" hereafter in this document).

The installments received under this facility are invested in Kotak Opportunities and attract all terms and amendments to terms of issue of Kotak Opportunities.

\*Subject to terms & conditions as stated in this document/application form.

### **FACILITY DETAILS, TERMS & CONDITIONS**

1. The Facility allows investors to build a long-term investment portfolio for Child's future needs, through monthly installments. The minimum amount is Rs 1000 per month/installment. There is no maximum limit on the amount per installment.
2. Though there are no specific eligibility criteria for investing in this Facility, the "insurance benefit" is available only for unit holders who are not more than the age of 45 years at the time of opting for this facility. Non-individuals as well as Non-resident Indians / Persons of Indian Origin will not be eligible to apply for this facility.
3. Investments under this facility will be allowed only through monthly installments under Star Kid - Kotak Opportunities. The first Installment may be paid on any date of the month on which a NAV is declared in the scheme. In respect of the second and subsequent installments, unit holders can choose any date from 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup>, or 21<sup>st</sup> as the SIP Date, subject however, to the condition that there shall be a minimum gap of 28 days between the first and the second SIP. As the unit holder saves and invests periodically over a longer period of time, it affords the unit holder an opportunity to enter the market regularly, thus averaging the cost of acquiring Units.
4. The applicant may opt either 5, 10, 15 or 20 years as tenure for Star Kid - Kotak Opportunities facility. The applicant may select the term of the SIP depending on his age as on last birthday as per the table below. The payments can be made either by issue of Post Dated Cheques or by availing the Direct Debit Facility through ECS (available in 46 locations only at present). However, the first installment shall be paid compulsorily by a cheque drawn on the account from which the Direct Debit Facility will be availed.

<u>AGE</u>	<u>Tenure (in years)</u>
23-30	5,10,15,20
31-35	5,10,15
36-40	5,10
41-45	5

**INSURANCE BENEFIT (Terms and Conditions)**

1. KMAMC will provide a Group Insurance Cover only to Resident Individual applicants. Non-individuals as well as Non-resident Indians / Persons of Indian Origin will not be covered under the insurance cover.
2. The First Unit holder should be the person whose life is to be insured. For instance, if Father is the person whose life needs to be insured, then he should fill up the form as first holder, (if the account is a joint account) or as the sole unit holder. The insurance benefit will be extended only to the first holder or sole holder of the account.
3. The first unit holder shall nominate his/her child for the insurance benefit under this facility.
4. The investor will necessarily be required to furnish nominee details in the application form, in absence of which, "insurance benefit" will not be extended under this facility. The nominee has to necessarily be a child of the first investor/ sole investor.
5. The nominee will be entitled to "insurance benefit" in case of demise of the life insured i.e. the (First) Unit holder before the completion of selected period of SIP's.
6. In case the Unit Holder fails to honour SIP payments for two consecutive months at any point of time during the life of SIP, the "Insurance benefit" and SIP may stand discontinued. Renewal of the Facility shall be at the sole discretion of and subject to terms and conditions as may be imposed by KMAMC. The Investments under the Facility till such date can be withdrawn subject to the applicable exit load.
7. The investor will be required to sign a "Good Health" declaration and/or undergo medicals depending on the age and/or the quantum of sum assured (defined in point 8) prior to subscribing to the units under this Facility or at the time of switch in. In case the first unit holder needs to undergo medical checkup as suggested by Insurance company the benefit commences after the clearance from the medical test.
8. The "insurance benefit" is as defined below: -
  - a. In case of death (other than suicide) of the first unit holder before completion of 1 year (but after 30 days) from the date of first installment or commencement of insurance cover whichever is later, the benefit shall be 10 times the monthly SIP. The insurer shall pay such amount to the nominee of the life insured (through KMAMC). On insurance company so releasing the insurance claim, it will stand discharged of its obligations under the insurance arrangement.
  - b. In case of death of the first unit holder after completion of 1 year from the date of first installment or commencement of insurance cover, the insurance benefit shall be an amount equal to the cumulative future SIP commitments payable for such number of years as would have remained for the First Unit Holder to complete the term option selected i.e either 5, 10, 15 or 20 years. The claim amount under the insurance cover shall be released in favour of the Insurance benefit nominee (through KMAMC). On insurance company so releasing the insurance claim, it will stand discharged of its obligations under the insurance arrangement.
9. The Sum Assured for the purpose of determining if the unit holder has to undergo medical examination or just sign good health declaration is equal to the cumulative monthly SIP commitments payable from the 13<sup>th</sup> month from first investment under this plan

till such number of years as would have remained for the First Unit Holder to complete the term option selected i.e. either 5, 10, 15 or 20 years.

Eg. - For a 35 years old investor who invests Rs 10,000 per month for a 5 year term option under this plan, Sum Assured will be 48 months (number of months remaining to complete 5 years term option from 13<sup>th</sup> month i.e. 48 months) \* Rs 10,000 = Rs 4,80,000

10. The life to be insured or the first unit holder will have to undergo medical examination and submit financial documents as called for by the Life insurance company if the Sum Assured as defined above exceeds Rs 10 lakhs for an individual (first /sole Unitholder) either under a single folio or on aggregation of folios. The medical examination has to be done with a medical practitioner empanelled by the insurance company, which will be at no cost to the investor. The insurance company will coordinate with the investor, helping him to get the medical examination done. The basic financial documents to be submitted in such case are Income Tax Return, Salary Statement or P&L & Balance Sheet in case source of income is from business (for example: for sole proprietors). All these documents should be for last 3 years. The insurance company can call for additional documents on a case-to-case basis. The insurance company would underwrite the medical test reports and financial documents and a decision on offering cover to the customer would be taken.
11. Since the application is taken in good faith, the claim of the nominee(s) where the deceased Unit holder for any reason doesn't disclose participation in another SIP's with insurance; where by which the total cover of the unit holder under this facility goes beyond the "no medical examination" level as stated in rule 10 above, his nominees will be serviced in the FIFO basis i.e. the first nominee SIP that has commenced first will be paid in full and the nominees in the subsequent SIPs will not be paid at all any insurance benefit.

For Eg. -A unit holder has taken 3 SIP's for three children under this facility each for Rs. 10,000. If "No medicals" level under the insurance rules is Rs 15,000 SIP, in case of death of the unit holder, the child nominated in the application for Star Kid - Kotak Opportunities which was registered first (chronologically) will get "insurance benefit" and the others will not receive the benefit.

12. The Sum Assured will not exceed Rs 1 crore in any case i.e., the maximum insurance benefit under this scheme will be limited to Rs. one Crore. In case the applicants monthly SIP and term is such that the Sum Assured exceeds Rs 1 crore, then he/she will be covered for only Rs 1 crore and not above that. However, the unitholder will be given refund at, the applicable NAV of the units purchased out of the total amount of Star Kid - Kotak Opportunities SIP at the end of the selected period of tenure, if opted for redemption.
13. Any limits in respect of insurance cover shall apply per individual life irrespective of the number of folios/SIPs linked to such individual life. Lets say Non-medical limit is Rs 10 lakhs and as on 1/1/07 Mr. A is covered for 8 Lakhs and at that point he decides to apply for one more SIP where the cover would be Rs. 5 Lakhs and misses to intimate details of existing folio and hence does not go for the medical examination. In such case the second SIP is not covered at all. In the same case if the Sum Assured for second SIP had been not more than Rs. 2 Lakhs, it would get covered.
14. The group insurance premium under this scheme will be borne by KMAMC.
15. In case of death of the nominee while the unit holder is alive, the "insurance benefit" continue as per the initial arrangement. In such case the unit holder/s should communicate the details of the

new nominee. However such nominee shall be an eligible child of the unit holder. The benefits will be in favour of new nominee or legal heirs in case new nomination is not filed. The change of nominee can be done any number of times.

16. The relatives or dependants of the First Unit Holder should promptly, but not later than two months, notify KMAMC of death of the First Unit Holder, to enable KMAMC to inform the insurer of the same. On acceptance of the death claim on the life of such First Unit Holder, the insurer shall release the benefits in favour of KMAMC as detailed above.
17. All insurance claims will be settled in India and shall be payable in Indian Rupees only. Settlement procedure will be as stipulated by the Insurance Company.
18. This insurance cover from the Insurance Company (with whom KMAMC will tie up) is being brought to the unit holder under this Facility/Scheme by KMAMC on a best effort basis. KMAMC will not be responsible or liable for maintaining service levels and/or any delay in processing claims arising out of this facility by the insurance company.
19. KMAMC, Trustees, or their Directors, officers or employees shall not be liable for any claims (including but not limited to rejection of any claim, non settlement, delays etc.) arising out of the insurance cover provided to the unit holder.
20. KMAMC offers the insurance cover to the unit holders under this Facility as an additional facility and is not acting as an agent for marketing/sales of insurance policies.
21. The Group Insurance cover will be subject to the following exclusions and the insurance certificate governing the cover may prescribe such other terms and conditions as may be deemed fit by the insurer and are acceptable to KMAMC:
  - a. No insurance cover for first 30 days from the date of allotment of units/Commencement of insurance cover.
  - b. Any claim, arising as a result of a unitholder [under the referred policy] committing suicide within one year of commencement of his/her cover, will be disallowed. Further where any unit holder commits suicide within a year of any increase in his/her cover, the portion of cover equal to such increase will be disallowed.
  - c. No claim arising from the death of a unit holder due to any cause other than an accident within 3 months from the date of his / her commencement of cover herein stated shall be payable; in such cases the premium would be refunded.

#### **Claim Settlement process**

1. All claims must be notified to the Insurer in writing within 3 months of the date of the death of the unit holder along with the Original Certificate of Insurance [that would be issued to the unit holder] and documents as specified in the Policy Document. The following are the documents prescribed in the Policy Document: -
  - a. Original death certificate issued by the Municipality or other Competent Authority.
  - b. Age proof of the unit holder.
  - c. Last attending doctor's certificate stating the exact cause of death.
  - d. If death has occurred in a hospital, all case history papers.
  - e. If the death is due to an accident or any other unnatural cause:-
    - A certified copy of the FIR filed with the Police authorities.
    - A certified copy of the Post Mortem Report/Autopsy Report.

- A certified copy of the Driving License if death occurred while driving.
2. The claim shall be lodged together with documentation requirements as mentioned in the Insurance policy contract and / or prescribed by the Insurer for processing of the claim with KMAMC, who in turn will inform the Insured.
  3. The nominee shall furnish any additional information/documentation called for by the Insurance Company to satisfy itself as to the validity of a claim.
  4. All claim amounts due under this policy are payable in Indian Currency to KMAMC at the office of the Insurance Company situated at Mumbai, but the Insurance Company at its absolute discretion may fix an alternative place of payment for the claim at any time before or after the claim arises.
  5. KMAMC in turn makes the payment to the nominee after receipt of the "insurance benefit" amount from the insurance company.

**Risks specific to the Star Kid - Kotak Opportunities Facility**

- If the returns on Kotak Opportunities are in the negative, the fund receivable at the cessation of the Facility (either on account of death or completion of SIP period) may be less than principal invested (sum total of all installments paid under the scheme) by the unit holder and/or sum assured. For example, if applicable NAV on the date of cessation is less than NAV at which investments were made, the redemption value of the units will be less than the original investment and as the sum assured payable is equal to residual SIP amount, the total amount receivable will be less than the sum assured.
- In case of 2 consecutive cheques bounce or default in ECS clearing due to any reason the "Insurance benefit" may stand withdrawn, whether or not the investment continues in the Facility after that.
- If the unit holder is denied insurance under medical grounds, the report of which comes after the cheque or DD has been banked and units allotted under Kotak Opportunities, such investments will not be eligible for insurance benefit.

**Load Structure:**

Entry Load	<ul style="list-style-type: none"> <li>• 3.25% for any investment</li> </ul>
Exit Load	<ul style="list-style-type: none"> <li>• 2.00%, for redemption within the first 2 years from the date of allotment</li> <li>• 1.00%, for redemption after completion of 2 years from allotment and till the next 3 years.</li> <li>• Nil, for any redemption after the completion of the term chosen</li> </ul>

**Other Terms:**

All other terms and conditions of the Facility, including investment objective, investment strategy, the risk profile and investment pattern, fundamental attributes, portfolio turnover, income distribution policy, applicable NAV, mode of payment, risk factors, valuation norms, accounting policies, NAV computation, payment of redemption proceeds, etc. will be as applicable to Kotak Mahindra Opportunities Unit Scheme. These terms and conditions may be amended from time to time subject to extant Regulations or within the discretionary powers of the Trustee relating to various matters and till such amendment, remain as applicable to Kotak Opportunities Any amendment in the terms and

conditions under Kotak Opportunities will not result in an equivalent amendment in this Facility, unless otherwise specified.