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SCHEME INFORMATION DOCUMENT (SID)

KOTAK PSU BANK ETF

(An Open Ended Exchange Traded Fund)

Continuous Offer of Units at NAV based prices

Scheme reopened on November 16, 2007

Name of Mutual Fund	Kotak Mahindra Mutual Fund
Name of Asset Management Company	Kotak Mahindra Asset Management Company Ltd
Name of Trustee Company	Kotak Mahindra Trustee Company Ltd
Registered Address of the Companies	36-38A Nariman Bhavan, 227, Nariman Point Mumbai - 400 021
Corporate Office of Asset Management Company	6th Floor, Vinay Bhavya Complex, 159-A, C S T Road, Kalina, Santacruz (E), Mumbai - 400 098
Website	www.mutualfund.kotak.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.

The Scheme Information Document 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 Scheme Information Document 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 Kotak Mahindra Mutual Fund, Tax and Legal issues and general information on www.mutualfund.kotak.com

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

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I. HIGHLIGHTS/ SUMMARY OF THE SCHEME

Investment Objective	The investment objective of the scheme is to provide returns that closely correspond to the total returns of CNX PSU Bank Index, subject to tracking errors.
Type of Scheme	An Open ended Exchange Traded Fund
Investment In	The scheme will invest in the securities that comprise the CNX PSU Bank Index and in the same proportion as in the Index.
Suitable for	Investors who: a) want to limit scrip specific risk by taking exposure to all the securities represented by CNX PSU Bank Index at a time, instead of any specific scrip, at a low cost; b) want exposure to PSU banks in banking sector in their asset allocation strategy; c) are arbitragers between cash market and derivatives market; d) believe in investing in mutual fund schemes that follow a passive investment strategy.
Liquidity	All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all the trading days of the stock exchange. Mutual fund will repurchase units from Authorised Participants and Large Investors on any business day provided the value of units offered for repurchase is not less than creation unit size. The redemption consideration shall normally be the basket of securities represented by CNX PSU Bank Index in the same weightage as in the Index and cash component.
Benchmark Index	CNX PSU Bank Index
NAV Information	The Kotak PSU Bank ETF units are listed on NSE and all purchase and sale of units by investors other than Authorised Participants (AP) and Large Investors (LI) will be done on the stock exchange. The NAV has a reference value for investors and will be useful for Authorised Participants for offering quotes on the Stock Exchange. The NAVs shall be communicated to the press for publication on a daily basis and will also be available on Fund's website, mutualfund.kotak.com and web-site of AMFI namely www.amfiindia.com . The NAV shall also be communicated to the recognized Stock Exchange where, the units would be listed. The AMC may also calculate intra-day indicative NAV and publish the same on its website mutualfund.kotak.com . Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI. For Purchase/ Redemption directly from the fund on any business day: <ul style="list-style-type: none"> • upto 3:00 p.m. on a working day, the NAV of such working day. • After 3:00 p.m. on a working day, the NAV of the following working day.
Listing	The units of the Scheme are listed on NSE. The AMC reserves the right to list the units on other exchanges.
Loads	Entry Load: Nil In terms of SEBI Circular 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 Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load.
Sale of Units by Mutual Fund/ Minimum Application Amount	Ongoing basis: <ul style="list-style-type: none"> • Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund at applicable NAV, plus entry load and transaction charges by depositing basket of securities comprising CNX PSU Bank Index. • The units are listed on NSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day. • The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market. • The AMC reserves the right to list the units of the scheme on any other exchange, in future
Face Value of units	The face value of each unit will be Rs. 10 per unit. On allotment value of each unit will be approximately equal to 1/10th of the value of CNX PSU Bank Index.

Creation unit size	<p>Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 10,000 units of the Scheme.</p> <p>For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component. The Portfolio Deposit and Cash Component will change from time to time. Each creation unit consists of 10,000 units of Kotak PSU Bank ETF. Each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the CNX PSU Bank Index.</p> <p>The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's website.</p>
Transaction handling charges	<p>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 authorised participant or large investor.</p>
Cost of trading on the stock exchange	<p>Investor will have to bear the cost of brokerage and other applicable statutory levies eg, Securities Transaction Tax, etc when the units are bought or sold on the stock exchange.</p>
Dematerialisation	<ul style="list-style-type: none"> a) Units of the Scheme will be available in Dematerialized (electronic) form only. b) The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant. c) Units of the Schemes will be issued, traded and settled compulsorily in dematerialized form.

II. INTRODUCTION

AN INTRODUCTION TO EXCHANGE TRADED FUND (ETF) and INDEX FUNDS

Exchange-traded funds are a relatively recent innovation to the investment company concepts, with the first ETF introduced in 1993 in the USA. However, ETFs – number of ETFs and assets under management of ETFs have grown dramatically in the last one and a half decades.

ETFs are registered investment companies, most of which seek to mirror the return of a particular market index, such as the S&P 500. Investopedia describes ETF as a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange, thus experiencing price changes through out the day as it is bought and sold. An investor, by owning an ETF gets the diversification of an index fund as well as the ability to sell short, buy on margin and purchase as little as one share. The ETFs can be bought and sold through stock market brokers on payment of stock market related brokerages.

Although most ETFs are registered as open-end funds, there are some key difference between ETFs and other open -end funds such as mutual funds.

One difference is how retail investors buy and sell shares. A retail investor in a mutual fund typically purchases or redeems shares directly with the fund. By contrast, retail shareholders in an ETF do not conduct transactions directly with the ETF but instead buy or sell ETF shares on a stock exchange, just as they would sell or buy the shares of a publicly traded company. ETF shares originally enter the market through an institutional investor, known as a creation unit holder. These investors deposit with the ETF sponsor a specified basket of securities. In return for this basket of securities, the ETF issues to the creation unit holder as specified number of fund shares, which can be sold to the public through a stock exchange. A creation unit holder can liquidate its position by returning a fixed number of ETF shares to the ETF; in return, the creation unit holder receives the basket of securities from the ETF. A retail investor in an ETF could liquidate their position by selling their ETF shares on a stock exchange.

Another feature that distinguishes ETFs from open-end funds is pricing. ETF shares may trade above or below the underlying value of the securities in the fund. Unlike a mutual fund, whose price per share is based on the fund's net asset value (NAV), an ETF's share price is influenced by the forces of supply and demand. For example, when investors demand increase, the ETF share price rises. However, ETFs are structured so that large differences between their share price and the value of the underlying basket of securities do not exist for long period of time. Creation unit holders counteract the impact of supply and demand for ETF share by buying and selling ETF shares in the market, and if necessary, by creating or redeeming creation units with the fund. In doing so, creation unit holders help keep the market price of an ETF's share close to the underlying value of its securities.

(Source: Fact book 2006; Institute of Capital Investments, New York)

INDEX FUND

An index is a group of stocks that an Index Service Provider selects as a representative of a market, market segment or specific industry sector. The Index Service Provider calculates, maintains and disseminates the index. Most of the indices calculated are based on market capitalization (price x outstanding equity

capital) of each stock and the weightage of each stock in the index is determined based on its market capitalisation. An index fund invests in securities of the index in the same weightage.

The advantages of investing in an Index Fund are:

1. Diversification: Since Index Schemes replicate to a large extent the market index, they provide diversification across various sectors/segments/Scripts.
2. Low costs: Index Schemes are passively managed schemes, as a result of which costs such as those relating to management fees, trade execution, research etc. are generally kept relatively low.
3. Transparency: As indices are pre-defined, investors know the securities and proportion in which their money will be invested.
4. Arbitrage: These schemes provide low impact cost arbitrage opportunities between cash and derivatives market.
5. Operational simplicity: The ETF units are traded like stock on the stock exchange due to which investors who are familiar with stock market trading can take the benefits of investing in an index without the complications involved in derivative trading.

Kotak PSU Bank ETF is an exchange traded index fund scheme that invests in securities of a "Banking Index" in the same weightage as the underlying index.

Kotak PSU Bank ETF aims to invest in stocks included CNX PSU Bank Index

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. The value of investments may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- Kotak PSU Bank ETF is only 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.2,50,000 made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme.

Scheme Specific Risk Factors

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

- The NAV of the units is closely related to the value of stocks that form a part of the CNX PSU Bank Index. The value of this will react to stock market movements and will result in positive or negative changes in the NAV of units under the

scheme. There could also be movements in the schemes NAV due to changes in interest rates, macro economic and political developments and over longer periods during market downturns.

- **Liquidity Risk:** Trading in Kotak PSU Bank ETF may be halted due to market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in Kotak PSU Bank ETF is not advisable. There could also be trading halts caused by extraordinary market volatility and pursuant to NSE/BSE and SEBI circuit filter rules. There can be no assurance that the requirements of the exchange, necessary to maintain the listing of the Kotak PSU Bank ETF will continue to be met or will remain unchanged.
- The concept of exchange-traded funds is relatively new to Indian capital markets. Trading in Kotak PSU Bank ETF could therefore be restricted due to which market price may or may not reflect the true NAV of Kotak PSU Bank ETF at any point of time. Also there can be no assurance that an active secondary market will develop or be maintained for the Scheme units.
- **Regulatory Risk:** Any changes in trading regulations by the stock exchange (s) or SEBI may affect the ability of Authorised Participant to arbitrage resulting into wider premium/discount to NAV.
- **Sectoral Risk:** The banking sector in general could underperform returns from the securities included in the index or other asset classes.
- **Concentration risk:** The scheme will invest in stocks included in the CNX PSU Banking index; the number of stocks in the index is limited i.e., about 12 stocks (at present). Therefore the scheme is exposed to high level of concentration risk.
- **Passive Investments:** As the scheme proposes to invest not less than 90% of the net assets in the securities of the benchmark Index, the Scheme is a passively managed scheme and provides exposure to the benchmark and tracking its performance and yield as closely as possible. The Schemes performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.
- The performance of the CNX PSU Bank Index will have a direct bearing on the performance of the scheme. Hence any composition change in terms of weightage or stocks selection will have an impact on the scheme.
- Tracking error may have an impact on the performance of the scheme. However KMAMC will endeavour to keep the tracking error as low as possible.
- Investors may note that even though this is an open-ended scheme, they will have to buy or sell units of the scheme on the stock exchanges where these units are listed for liquidity at the market price, subject to the rules and regulations of the exchange. Buying and selling units on stock exchange requires the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/broker, payment of brokerage, securities transactions tax and such other costs.
- The market price of ETF units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV. However since the Authorised Participants and Large Investors can transact with the AMC for units beyond the creation unit size there should not be a significant variance from the NAV. Hence the price of ETF is less likely to hold significant variance (large premium or discount) from the latest declared NAV all the time.
- The units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlements of trades, repurchase of units by the

mutual fund depend up on the confirmations to be received from depository (ies) on which the mutual fund has no control.

Risks associated with Capital Markets or Equity Markets (i.e. Markets in which Equity Shares or Equity oriented instruments are issued and traded)

- **Price fluctuations and Volatility:**

Mutual Funds, like securities investments, are subject to market and other risks and there can be neither a guarantee against loss resulting from an investment in the Scheme nor any assurance that the objective of the Scheme will be achieved. The NAV of the Units issued under the Scheme can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, government policy and volatility in the capital markets. Pressure on the exchange rate of the Rupee may also affect security prices.

- **Concentration / Sector Risk:**

When a Mutual Fund Scheme, by mandate, restricts its investments only to a particular sector; there arises a risk called concentration risk. If the sector, for any reason, fails to perform, the portfolio value will plummet and the Investment Manager will not be able to diversify the investment in any other sector.

- **Liquidity Risks:**

Liquidity in Equity investments may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the Scheme's ability to make intended purchases/sales, cause potential losses to the Scheme and result in the Scheme missing certain investment opportunities. These factors can also affect the time taken by KMMF for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very large value redemption requests. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information.

Risks associated with Debt / Money Markets (i.e. Markets in which Interest bearing Securities or Discounted Instruments are traded)

Kotak PSU Bank ETF invests not less than 90% its corpus in the securities representing CNX PSU Bank Index. As this scheme endeavors to earn returns that closely correspond to the total returns represented by CNX PSU Bank Index, the scheme will have insignificant cash or debt/ market investments. Therefore, the scheme is not significantly susceptible to risks associated with debt/money markets.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The requirement of minimum number of investors in the scheme is not applicable to Kotak PSU Bank ETF.

C. Special Considerations

- Prospective investors should review/study SAI along with SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of units within their jurisdiction/nationality, residence, domicile etc. or under the

laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/gifting to, purchasing or holding units before making an application for units.

- Neither this SID and SAI, nor the units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of this SID is required to inform themselves about, and to observe, any such restrictions. It is the responsibility of any persons in possession of this SID 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/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.
- Kotak Mahindra Mutual Fund/AMC has not authorised any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of units under the Schemes. Prospective investors are advised not to rely upon any information or representations not incorporated in the SAI and SID as the same have not been authorised by the Fund or the AMC. Any purchase or redemption made by any person on the basis of statements or representations which are not contained in this SID or which are not consistent with the information contained herein shall be solely at the risk of the investor. The investor is requested to check the credentials of the individual, firm or other entity he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund shall not be responsible for any acts done by the intermediaries representing or purportedly representing such investor.
- If the units are held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Fund may mandatorily redeem all the units of any Unit holder where the units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.
- If a Unit holder makes a redemption request immediately after purchase of units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by the Unit holder (for purchase of units) is realized and the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased units may have to be redeemed to effect the full redemption.
- In terms of the Prevention of Money Laundering Act, 2002 ("PMLA") the rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML) Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification programme, and to verify and maintain the record of identity and address(es) of investors.
- If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to competent authorities under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI, furnish any such information in connection therewith to such authorities 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/Unit holder/any other person.

Type of Investors :

The following three types of investors may subscribe to the units of the scheme.:

- **Authorised Participants (AP):** AP is an entity engaged by AMC to undertake the responsibility of a market maker and ensure liquidity in the stock market. The role of AP will endeavour to assure liquidity for Kotak PSU Bank ETF units in the stock exchanges where the units are listed.
- **Large Investors (LI):** LI may buy and redeem units in creation unit size directly from the Fund directly on any business day at applicable NAV price and applicable entry load plus transaction charges, as and when permitted by the AMC.
- **Other Investors:** Investors other than AP and LI may buy or sell Kotak PSU Bank ETF units from the stock market only, on an ongoing basis.

1. Requirement of Demat account for investing in the scheme

The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.

2. Index Service Provider - India Index Services & Products Ltd. (IISL)

India Index Services & Products Ltd. (IISL) is a joint venture between the National Stock Exchange of India Ltd. (NSEIL) and CRISIL. IISL is the only specialized company focusing on providing indices, index products and services as core product to investors.

IISL has a licensing and marketing agreement with Standard and Poor's (S&P), the worlds leading provider of investible equity indices, for co-branding equity indices.

Kotak PSU Bank ETF is based on CNX PSU Bank Index, an index created, maintained and monitored by IISL. Kotak AMC can use this index only if necessary permissions are obtained from IISL and an agreement is entered into with IISL. As per the draft agreement with IISL, the following disclaimers of IISL shall form part of the Scheme Information Document:

Kotak PSU Bank ETF is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). IISL makes no representation or warranty, express or implied to the owners of the Kotak PSU Bank ETF or any member of the public regarding the advisability of investing in securities generally or in the Kotak PSU Bank ETF particularly or the ability of the CNX PSU Bank Index to track general stock market performance in India. The relationship of IISL to the Kotak Mahindra Asset Management Company Ltd. is 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 Kotak Mahindra Asset Management Company Ltd. or Kotak PSU Bank ETF. IISL has no obligation to take the needs of Kotak Mahindra Asset Management Company Ltd. or the owners of the Product into consideration in determining, composing or calculating the CNX PSU Bank Index. IISL is not responsible for or has participated in the determination of the timing of, prices at, or quantities of Kotak PSU Bank ETF to be issued or in the determination or calculation of the equation by which Kotak PSU Bank ETF is to be converted into cash. IISL has no obligation or liability in connection with the administration, marketing or trading of Kotak PSU Bank ETF.

IISL does not guarantee the accuracy and/or the completeness of the CNX PSU Bank Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. IISL makes no any warranty, express or implied, as to the results to be obtained by the Kotak Mahindra Asset Management Company Ltd., owners of the Kotak PSU Bank ETF, or any other

persons or entities from the use of the CNX PSU Bank Index or any data included therein. IISL makes no express or implied warranties and expressly disclaims 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, 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.

3. Procedure for Purchase/Redemption of Units directly from the Fund:

Only Authorised Participants can purchase or redeem unit directly from the Fund as per the procedure given below:

a. Creation/Redemption of units in Creation Unit Size by Exchanging Portfolio Deposit

The Fund creates / redeems the scheme units in large size known as "Creation Unit". The value of the "Creation Unit" is 10000

units of the Scheme or in multiple thereof called as the "Portfolio Deposit" and a "Cash Component" which will be exchanged for corresponding number of units. The Portfolio Deposit and Cash Component may change from time to time and will be announced by Fund on its website. Portfolio deposit shall be made into a pre-designated depository account.

b Procedure for Creating Scheme's units in Creation Unit Size

AP may deposit requisite basket of securities comprising CNX PSU Bank Index constituting the Portfolio Deposit and Cash component. The requisite securities constituting the Portfolio Deposit have to be transferred to the designated depository account of the scheme while the Cash Component has to be paid to the AMC by way of a cheque or pay order or demand draft. The AMC will have the corresponding number of units credited to the depository account of the AP.

The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.

Example for Calculation of the price at which units can be purchased and the units receivable by the investor

SCRIP	Quantity as on April 29, 2011	Price as on April 29, 2011	Value as on April 29, 2011	Weight as on April 29, 2011
Allahabad Bank.	610	205.10	125111	2.73
Andhra Bank	717	138.95	99627.15	2.17
Bank Of Baroda	513	911.90	467804.7	10.21
Bank of India	592	457.10	270603.2	5.90
Canara Bank	436	631.85	275486.6	6.01
Industrial Development Bank of India Ltd.	1048	143.45	150335.6	3.28
Indian Overseas Bank	646	152.55	98547.3	2.14
Oriental Bank of Commerce	374	345.55	129235.7	2.82
Punjab National Bank	406	1185.10	481150.6	10.49
State Bank Of India	786	2804.60	2204415.6	48.10
Syndicate Bank	534	116.85	62397.9	1.36
Union Bank Of India	687	319.30	219359.1	4.78
TOTAL BASKET VALUE			4584074.45	100.00

Amount collected (Rupees)	A	1,000,000,000
NAV	B	340.9546
Units allotted say	$C = (A/B)$	2,932,941.81
Portfolio Value	D	340.0609
Cash Component	$E = B - D$	0.8937
Actual Inv in stocks say	$F = C * D$	997,378,829.91
Balance cash for expenses say	$G = C * E$	2,621,170.09

The number of units cannot be fractional and will be rounded off to the earlier decimal but this will be done investor wise and not just at the scheme level.

Also, the incidental expenses of brokerage, STT, STP charges and NSDL charges would be recovered from the investor.

Allotment of units and fractional units

Stock exchanges may not allow trading of fractional units. Trustees may, with a view to avoid creation of fractional units, decide to allot units only in integers by rounding off the units allotted to the lower integer and the balance will be refunded to the investor.

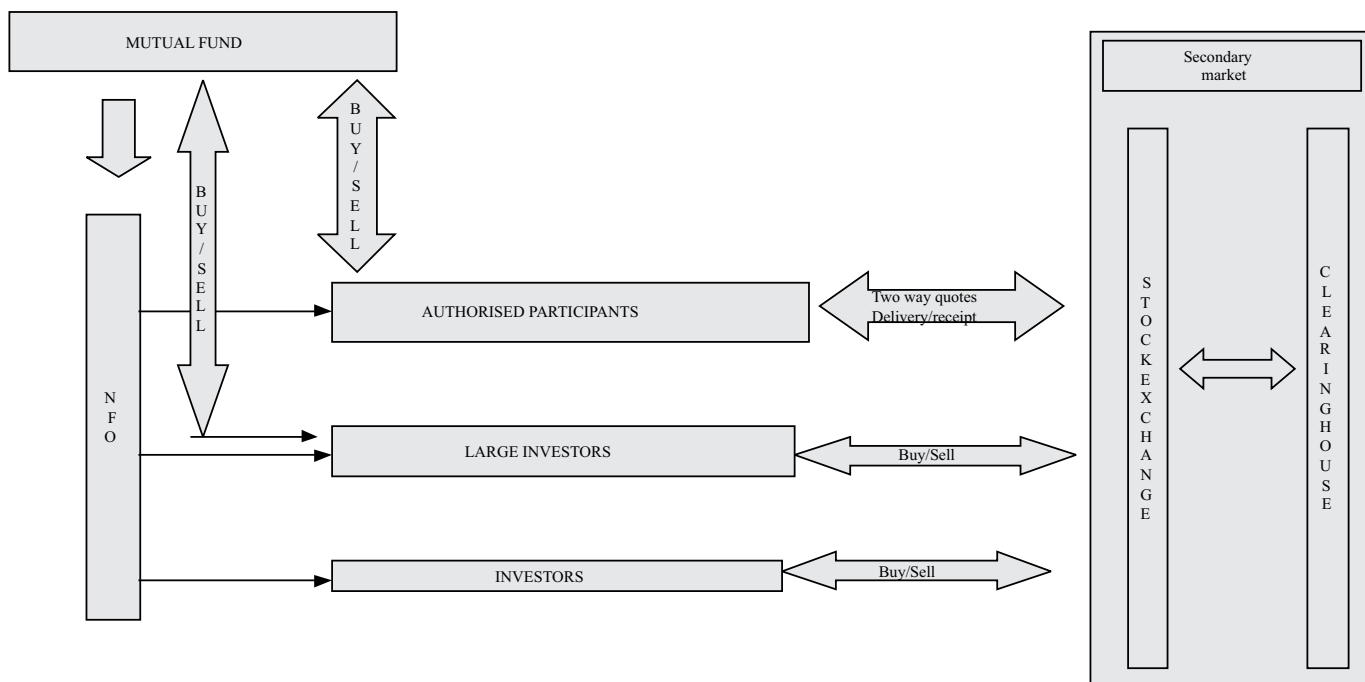
The above procedure relating to purchase and sale of units by different types of investors/participants in the scheme is tabulated for easy reference.

Type of investor and transaction details	Sale of units by Mutual Fund	Redemption of units by unit holders
During NFO Authorised Participant Large Investors Other investors	Any investment of Rs 10,000 and in multiples of Re. 1.	
During Continuous offer Authorized Participants Large Investor Other investors	Any business day in creation unit* Size at applicable NAV and transaction handling charges. Any business day in creation unit* Size at applicable NAV and transaction handling charges. Only through stock exchange	Any business day in creation unit* Size Any business day in creation unit* Size Only through stock exchange
Allotment Price during NFO	In the beginning each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the CNX PSU Bank Index and shall be based on investment of the proceeds of the NFO. Once the Scheme reopens, issue and redemption of units will be limited to applicable NAV.	
Role of Authorised participants	Gives two way quotes in the secondary market. Stands as a seller for a buy order.	Gives two-way quotes in the secondary market. Stands as a buyer against a sell order.
Role of large investor	Only an investor – no other role in the scheme operations.	

*** Creation unit**

Each creation unit consists of 10000 units of Kotak PSU Bank ETF.

Each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the CNX PSU Bank Index.



c. Procedure for Redeeming Scheme's units in Creation Unit Size

AP may submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which AP has a depository account.

The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.

d. Redemption method:

- Unitholder (large investor or authorized participant) may submit to any of the offices of AMC Redemption request Form enclosed with a copy of redemption request duly acknowledged by the depository participant.
- The depository participant will process the request and forward the same to Registrar to the Scheme in the normal course.
- The time taken for confirmation of repurchase of units is dependent upon the timelines and procedures of depositories.
- Redemption proceeds in the form of Portfolio of securities will be transferred to the demat account of the unit holder within three days of confirmation with the depository records.

e. Buying /Selling through the Stock Exchange

Buying / Selling units on the stock exchange is just like buying / selling any other normal listed securities. 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 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 deliver the units to the investor in accordance with time prescribed by the stock exchange regulations.

If an investor has bought units, he 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's clearing corporation.

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 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 atleast 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.

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 Working/Business Day as of which the purchase or redemption is sought by an investor and determined by the Fund.
Asset Management Company or AMC or Investment Manager or KMAMC	Kotak Mahindra Asset Management Company Limited, the Asset Management Company incorporated under the Companies Act, 1956, and authorised by SEBI to act as Investment Manager to the Schemes of Kotak Mahindra Mutual Fund.
Authorised Participant /AP	Member of the Stock Exchanges having trading terminals on which the units of the scheme are listed and 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 AMC
Business Day	A day other than: (i) Saturday and Sunday (ii) A day on which banks in Mumbai including the Reserve Bank of India are closed for business or clearing (iii) A day on which the National Stock Exchange or Bombay Stock Exchange is closed (iv) A day on which NSDL or CDSL is closed for the purpose of transfer of securities between depository (demat) accounts. (v) A day on which Purchase and Redemption of units is suspended by the AMC Additionally, the day when banks in any location where the AMC's Investor service centers are located, are closed due to local holiday, such days will be treated as non-business days at such centers for the purpose of accepting subscriptions. However if the Investor service center in such local holidays, only redemption and switch request will be accepted at those centers provided it is a business day for the scheme. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.
Custodian	Standard Chartered Bank and Deutsche Bank, acting as Custodians to the Scheme, or any other Custodian appointed by the Trustee.

Creation Unit	<p>Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 10,000 units of the Scheme or cash equal to the value of 10,000 units of the scheme.</p> <p>For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component or cash equal to the value of 10,000 units of the scheme.</p> <p>The Portfolio Deposit and Cash Component will change from time</p> <p>Each creation unit consists of 10,000 units of Kotak PSU Bank ETF. Each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the CNX PSU Bank Index.</p> <p>The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's website.</p>
Creation date	Creation date is the date on which units are allotted against a creation unit transaction.
Depository	A depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Entry Load	The charge that is paid by a Unitholder when he invests an amount in the Scheme.
Exit Load	The charge that is paid by a Unitholder when he redeems Units from the Scheme.
Exchange Traded Funds (ETF)	Exchange Traded Funds are passively managed funds tracking a benchmark index and reflect the performance of that index. They have the flexibility of trading on stock exchanges like a share and offer the best features of open and close end funds.
Large Investors/LI	For the purpose of Purchase and Redemption of units under Kotak PSU Bank ETF, "Large Investors" would mean investors who deal in creation unit size, other than Authorised Participants.
FII	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Gilts/Government Securities	Securities created and issued by the Central Government and/or State Government.
IMA	Investment Management Agreement dated 20th May 1996, entered into between the Fund (acting through the Trustee) and the AMC and as amended up to date, or as may be amended from time to time.
Investor Service Centres or ISCs	Designated branches of the AMC / other offices as may be designated by the AMC from time to time.
Kotak PSU Bank ETF	An open-ended Exchange Traded Fund
Kotak Bank/ Sponsor	Kotak Mahindra Bank Limited.
KMMF/Fund/ Mutual Fund	Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882.
KMTCL/Trustee	Kotak Mahindra Trustee Company Limited, a company set up under the Companies Act, 1956, and authorised by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.
Mutual Fund Regulations/ Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended up to date, and such other regulations as may be in force from time to time.
NAV	Net Asset Value of the Units of the Scheme (including the options thereunder) as calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. The NAV is computed upto four decimal places.
NRI	Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999.
Scheme Information Document (SID)	This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme..
Statement of Additional Information (SAI)	It contains details of Kotak Mahindra Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document)
Portfolio deposit	Portfolio Deposit consists of pre-defined basket of securities that represent the underlying index and announced by AMC from time to time.
Purchase Price	Purchase Price, to an investor, of Units of respective Schemes (including Options thereunder) computed in the manner indicated under sub-paragraph 'Purchase Price' under paragraph 'Purchase of Units' in Chapter V 'Units'.
Redemption Price	Redemption Price to an investor of Units of the Scheme (including Options thereunder) computed in the manner indicated under sub-paragraph 'Redemption Price' under paragraph 'Redemption of Units' in Chapter IV "Units and Offer".
Registrar	Computer Age Management Services Private Limited ('CAMS'), acting as Registrar to the Scheme including the services relating to providing interface with depository system, or any other Registrar appointed by the AMC.
Repo	Sale of securities with simultaneous agreement to repurchase them at a later date.

Reserve Bank of India/RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
Reverse Repo	Purchase of securities with a simultaneous agreement to sell them at a later date.
Risk - Free	Absence of credit risks i.e. no risk of default on payment of principal and interest.
Scheme	Kotak PSU Bank ETF.
SEBI	The Securities and Exchange Board of India.
Tracking Error	Means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time from any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.
Transaction cost	Charges payable to Custodian / Depository Participants, and any incidental expenses relating to conversion of basket of securities into units or units into basket of securities consequent upon purchase or redemption.
Trust Deed	The Trust Deed entered into on 20th May, 1996 between the Sponsor and the Trustee, as amended up to date, or as may be amended from time to time.
Trust Fund	The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.
Unit	The interest of the investors in any of the Schemes, which consists of each Unit representing one undivided share in the assets of the respective Schemes.
Unitholder	A person who holds Unit(s) under the Scheme.
Words and Expressions used in this SID and not defined	Same meaning as in Trust Deed.

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 Kotak Mahindra Asset Management Company Limited
Asset Management Company for Kotak Mahindra Mutual Fund

Place: Mumbai
Date: May 10, 2011

Sandeep Kamath
Compliance Officer

III. INFORMATION ABOUT THE SCHEME

Kotak PSU Bank ETF

A. Type of the scheme:

An open ended exchange traded fund

B. What is the investment objective of the scheme?

The investment objective of the scheme is to provide returns that closely correspond to the total returns of CNX PSU Bank Index, subject to tracking errors.

However, there is no assurance that the investment objective of the Scheme will be achieved.

Tracking Error

Tracking error means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time from any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.

Tracking error could be the result of a variety of factors including but not limited to:

- Holding of a cash position to meet redemptions or to distribute dividend.
- Payment of scheme related expenses.
- Corporate actions announced by the issuers of securities representing the CNX PSU Bank Index like conversion of warrants/debentures, rights, mergers/demergers, issue of rights shares, disinvestment or offer for sale by government, dividend payout, etc
- Rounding off of quantity of shares in the underlying index

C. How will the scheme allocate its assets?

The asset allocation under the Scheme, under normal circumstances, is as follows:

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising CNX PSU Bank Index	90% to 100%	Medium to High
Debt and money market instruments	0% to 10%	Low

About the Index

The Indian banking system, reaping the benefits of strong credit off take and improved risk management practices, has continued to report increase in earnings over the last five years, while improving on its solvency profile substantially.

The emergence of the rural middle class segment and creation of many jobs in the last five years provided a large market for banks. To cater the needs of potential customers, public sector banks have taken various initiatives to improve their core fee income over the last few years.

The public sector banks with their existing widespread branch network have been primarily increasing their IT related expenditure. The core profitability of the public sector banks continue to rise on the back of improving operating efficiencies. PSU Banks account for 70.3 percent in terms of total assets held

for 2006-07 along with total business share amounting to 73 percent for 2006-07.

Consolidation would further improve PSU banks' competitive edge against their private counterparts in servicing customers - both retail and corporate - in the international and domestic markets. Recognizing these changing dynamics of Indian banking industry, IISL has developed PSU Bank Index to capture the performance of the PSU banks.

The CNX PSU Bank Index represents about 91.20% and 84.68% of the free float market capitalization and total turnover respectively of the last six months for the period March 31, 2011 of the PSU Banks sector Universe respectively.

The CNX PSU Bank Index is based on "free float adjustment" principle. It is considered that the free float based indices are preferable for the following reasons:

1. PSU banks, as the very name indicates are government owned with government having not less than 51% of the equity. Though the market capitalization for these banks is relatively high, the liquidity may not be at the desirable levels due to high level of government holding which will not be available for trading. Therefore, it is desirable that the index reflects liquidity which is possible only with free float based index.
2. In a free float based index, the companies with higher government holding which may mean lesser liquidity -will get lesser weight in the index which is desirable.
3. "Index users also feel that basing the index on available shares instead of total shares means the index is a better reflection of the market and, through the market, of the economy" chairman Blitzer, S&P index committee.
4. Free float based index will reflect liquidity and invisibility of a stock specially in the context of a ETF for which liquidity is a fundamental requirement

The total traded value for the last six months of all CNX PSU Bank Index constituents is approximately 7.49% of the traded value of all stocks on the NSE. CNX PSU Banks Index constituents represent about 5.58 % of the free float market capitalization as on March 31, 2011.

At present (as on April 20, 2011) the index has the following 12 stocks from the banking sector traded on the National Stock Exchange.

Sr. No	Name of the Security	% Weight in the index
1	ALLAHABAD BANK	2.84
2	ANDHRA BANK	2.21
3	BANK OF BARODA	10.78
4	BANK OF INDIA	6.09
5	CANARA BANK	6.14
6	IDBI BANK LTD.	3.34
7	INDIAN OVERSEAS BANK	2.14
8	ORIENTAL BANK OF COMMERCE	2.93
9	PUNJAB NATIONAL BANK	10.43
10	STATE BANK OF INDIA	46.81
11	SYNDICATE BANK	1.42
12	UNION BANK OF INDIA	4.88
	Total	100.00

Selection Criteria:

Selection of the index set is based on the following criteria:

1. Constituent should be a Public sector bank
2. Constituent's market capitalization rank in the universe should be among the top 500.
3. Constituent's turnover rank in the universe should be in the top 500.
4. Constituent should have a positive Net worth.
5. The constituents should be available for trading in the derivatives segment (Stock Futures & Options market) on NSE.

D. Where will the scheme invest ?

Subject to the Regulations, the amount collected under the scheme can be invested in any (but not exclusively) of the following securities/ instruments, as per the indicative asset allocation given under the heading "How will the Scheme allocate its assets":

The Fund would invest not less than 90% of its corpus in stocks comprising the underlying index and endeavor to track the benchmark index.

Kotak PSU Bank ETF is an index exchange traded fund and aims to track the benchmark index, i.e. CNX PSU Bank Index and yield as closely as possible and therefore will follow a passive investment strategy. As the scheme has to track the benchmark index, the scheme will attempt to retain least amount of cash and will also try to avoid investment in debt/money market instruments.

E. What are the investment strategies?

Risk Control Measures for investment strategy

The Fund would invest not less than 90% of its corpus in stocks comprising the underlying index and endeavor to track the benchmark index.

Kotak PSU Bank ETF is an index exchange traded fund and aims to track the benchmark index, i.e. CNX PSU Bank Index and yield as closely as possible and therefore will follow a passive investment strategy. As the scheme has to track the benchmark index, the scheme will attempt to retain least amount of cash and will also try to avoid investment in debt/money market instruments.

The Schemes' performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.

Risk control measures for investment strategy

The scheme aims to track the CNX PSU Bank Index as closely as possible post expenses. The index is tracked on a regular basis and changes to the constituents or their weights, if any, are replicated in the underlying portfolio with the purpose of minimizing tracking error.

Risk mitigation measures for portfolio volatility

Being a banking sector focused ETF; the scheme carries higher risk compared to a diversified equity scheme. However the portfolio follows the CNX PSU Bank Index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Also being passively managed, the scheme carries lesser risk as compared to active fund management. The fund manager would endeavour to keep cash levels at the minimal to control tracking error.

Risk mitigation measures for managing liquidity

As per the NSE data, CNX PSU Bank Index represents about 92.83% and 97.12% (for six months ended Mar 31, 09) of the full market capitalization and total turnover respectively of the PSU Bank universe. Thus the index comprises of the most liquid PSU bank stocks and therefore liquidity issues in the scheme are not envisaged.

Portfolio Turnover

Portfolio Turnover is defined as the aggregate of purchases and sales as a percentage of the corpus during the specified period of time.

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. Kotak PSU Bank ETF is a passively managed exchange traded open-ended index scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Authorised participants and Large Investors. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in CNX PSU Bank Index

F. Fundamental attributes

Following are the fundamental attributes of the scheme, in terms of Regulation 18 (15A) of SEBI (MF) Regulations:

1. Type of the scheme: As mentioned under the heading "Type of the Scheme"
2. Investment Objective: As mentioned under the heading "Investment Objective"
3. Investment Pattern: As mentioned under the heading "How will the scheme allocate its assets"
4. Terms of Issue:
 - a. Liquidity provisions such as listing, repurchase, redemption.
 - b. Aggregate fees and expenses charged to the scheme.
 - c. Any safety net or guarantee provided.

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. How will the scheme benchmark its performance?

The performance of Kotak CNX PSU Bank ETF is benchmarked against the CNX PSU Bank Index.

The Trustee reserves right to change benchmark in future for measuring performance of the scheme.

H. Who manages the scheme?

NAME	AGE	QUALIFICATION	BUSINESS EXPERIENCE	OTHER SCHEMES MANAGED
Mr. Deepak Gupta	28 Years	Bachelor of Commerce, a qualified chartered accountant and a cost accountant. Also cleared AIMR CFA Level III.	Mr. Deepak Gupta has 4 years of experience in the mutual fund industry. He worked in the Operations division of Kotak AMC for 2 years. Subsequently, in Apr, 2007, he moved to the Equity Fund Management team as a research analyst.	<ul style="list-style-type: none"> • Kotak Equity Arbitrage Fund • Kotak Equity FOF • Kotak Sensex ETF • Kotak PSU Bank ETF • Kotak Nifty ETF • Kotak Global Emerging Equity Scheme (Dedicated fund manager for overseas investment)

I. What are the investment restrictions?

The following investment limitations and other restrictions, inter-alia, as contained in the Trust Deed and the Regulations apply to the Scheme:

- The Fund shall buy and sell securities only against deliveries. In no case shall the Fund engage in short selling, carry forward transactions or Badla financing. Provided that the Fund may enter into derivatives transactions for the purpose of hedging and portfolio balancing in accordance with the guidelines issued by SEBI.
- A scheme may invest in another scheme, under the same AMC or any other mutual fund provided that the aggregate inter-scheme investments made by all schemes under the same AMC or any other mutual fund shall not exceed 5% of the net assets of the Fund or any other limit as prescribed by the Regulations from time to time. The AMC is not permitted by the Regulations to charge any investment management and advisory services fee on such investments.
- Pending deployment of the corpus of the Scheme in securities in terms of investment objective, the Fund can invest the corpus of the Scheme in short term deposits of scheduled commercial banks as per the guidelines given in SEBI Circular no. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007.
- The Scheme shall not make any investment in:
 - any unlisted security of an associate or group company of the Sponsor; or
 - any security issued by way of private placement by any associate or group company of the Sponsor; or
 - the listed securities of group companies of the Sponsor in excess of 25% of its net assets.
- The Scheme shall not invest in any Fund of Funds Scheme.
- The Scheme shall not invest more than 10% of its Net Assets in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the Net Assets of the scheme. All such investments shall be as per the parameters approved by the Boards of the Trustee and the AMC.
- The Scheme shall not invest more than 30% of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
- Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1 A of Seventh Schedule to the Regulations.
- Investments of the Scheme, together with the investments of other schemes of the Fund in share capital of any company shall not exceed 10% of that company's paid-up capital carrying voting rights.
For the purpose of determining the above limit, gross long position, which will be a combination of positions of the underlying securities and stock derivatives, will be considered.
- The Scheme shall not invest more than 10% of its Net Assets in the equity or equity related instruments of any company. Provided that the limit of 10% shall not be applicable for investments in case of index fund or sector or industry specific scheme.

- The Scheme can invest a maximum of 5% of the net assets in unlisted equity and equity related instruments.
- The mutual fund shall get the securities purchased / transferred in the name of the fund on account of the concerned scheme, where investments are intended to be of long term nature.

Modifications, if any, in the Investment Restrictions on account of amendments to the Regulations shall supercede/override the provisions of the Trust Deed.

All investment restrictions shall be applicable at the time of making investment.

Investments by the AMC in the Fund

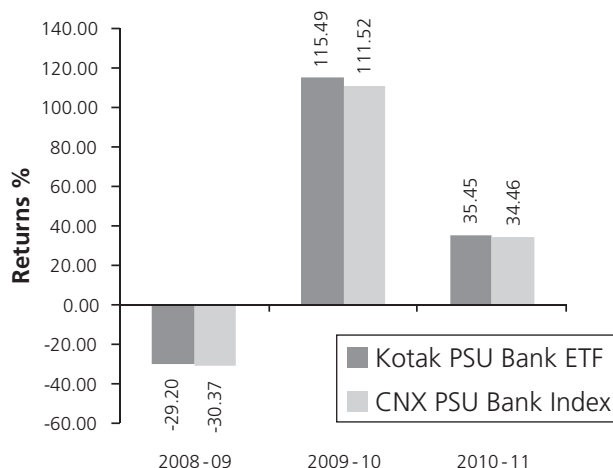
The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

J. How has the scheme performed?

Performance of the Scheme (as on March 31, 2011)

"Compounded Annualised Growth Returns (%)"	Kotak PSU Bank ETF	CNX PSU Bank Index
Last 1 year	35.45	34.46
Last 3 years	27.37	25.58
Since Inception	12.71	11.31

Absolute Returns (%) for each financial year for the last 3 years



Past performance may or may not be sustained in future.

IV. UNITS AND OFFER

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

A. Ongoing Offer Details

<p>Ongoing Offer Period</p> <p>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 of the Scheme commenced from November 16, 2007</p>																		
<p>Ongoing price for subscription (purchase)/switch-in</p> <p>This is the price you need to pay for purchase/switch-in.</p> <p><i>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be: Rs. $10 \times (1 + 0.02) = \text{Rs. } 10.20$</i></p>	<p>Purchase by AP during continuous offer:</p> <p>Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants. Authorized Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load, in creation unit size. Every creation unit shall have total monetary value in Rupee terms equivalent to that day's portfolio deposit and cash component.</p> <p>NAV for continuous offer</p> <table border="1" data-bbox="810 667 1469 875"> <tr> <td>Value of portfolio deposit (basket of securities) in creation unit size</td> <td>1</td> <td>4,584,127.00</td> </tr> <tr> <td>Price of 1 unit portfolio creation</td> <td>2</td> <td>458.4127</td> </tr> <tr> <td>Cash Component (say)</td> <td>3</td> <td>1,000.00</td> </tr> <tr> <td>Net Assets</td> <td>4=(1+3)</td> <td>4,585,127.00</td> </tr> <tr> <td>No.of units in creation unit</td> <td>5</td> <td>10,000.00</td> </tr> <tr> <td>NAV per unit</td> <td>6=(4/5)</td> <td>458.5127</td> </tr> </table> <p>Note</p> <ol style="list-style-type: none"> In addition to the NAV, any person transacting with the fund will have to reimburse transaction charges - brokerage, STT, NSDL charges etc. Transaction charges payable by the investor is per creation request and will be as determined by the AMC at the time of transaction The above creation unit is for 10,000 units of Kotak PSU Bank ETF which is minimum lots size for creation <p>Purchase from Stock Exchanges:</p> <p>An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However there would be cost of brokerage and other transactions costs (like STT) payable to broker or sub-broker of the exchange.</p> <p>Switches are not allowed under the scheme</p>	Value of portfolio deposit (basket of securities) in creation unit size	1	4,584,127.00	Price of 1 unit portfolio creation	2	458.4127	Cash Component (say)	3	1,000.00	Net Assets	4=(1+3)	4,585,127.00	No.of units in creation unit	5	10,000.00	NAV per unit	6=(4/5)	458.5127
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No.of units in creation unit	5	10,000.00																	
NAV per unit	6=(4/5)	458.5127																	
<p>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</p> <p>This is the price you will receive for redemptions/switch outs.</p> <p><i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: Rs. $10 \times (1 - 0.02) = \text{Rs. } 9.80$</i></p>	<p>Authorised Participants and Large Investor can redeem units directly with the fund at Applicable NAV based prices, subject to applicable exit load; if any.</p> <p>There is no exit load. However transaction charges payable to Custodian/Depository Participants, and other incidental charges relating to conversion of units into basket of securities may be deducted from redemption proceeds. The charges will be notified on www.mutualfund.kotak.com from time to time.</p> <p>Investors other than AP and LI may redeem units at the listed price plus transaction handling charges on stock exchange.</p> <p>As required under the Regulations, the Fund will ensure that the Redemption Price is not lower than 93% of the NAV and the Purchase Price is not higher than 107% of the NAV, provided that the difference between the Redemption Price and Purchase Price of the Units shall not exceed the permissible limit of 7% of the Purchase Price, as provided for under the Regulations.</p>																		
<p>Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants. Authorized Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load, in creation unit size. Every creation unit shall have total monetary value in Rupee terms equivalent to that day's portfolio deposit and cash component.</p> <p>For Purchase/ Redemption directly from the fund on any business</p>																		

	<p>day:</p> <ul style="list-style-type: none"> • upto 3:00 p.m. on a working day, the NAV of such working day. • After 3:00 p.m. on a working day, the NAV of the following working day.
<p>Where can the applications for purchase/redemption switches be submitted?</p>	<p>Only at the offices of AMC</p> <p>As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form. The Bank Account details as mentioned with the Depository should be mentioned.</p> <p>If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be 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>Who can invest 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>The following are eligible to apply for purchase of the Units:</p> <ul style="list-style-type: none"> • Resident Indian Adult Individuals, either singly or jointly (not exceeding three). • Parents/Lawful guardians on behalf of Minors. • Companies, corporate bodies, registered in India. • Registered Societies and Co-operative Societies authorised to invest in such Units. • Religious and Charitable Trusts under the provisions of 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962. • Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds. • Partner(s) of Partnership Firms. • Association of Persons or Body of Individuals, whether incorporated or not. • Hindu Undivided Families (HUFs). • Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions. • Non-Resident Indians/Persons of Indian origin resident abroad (NRIs) on full repatriation or non-repatriation basis. • Other Mutual Funds registered with SEBI. • Foreign Institutional Investors (FIIs) or sub-accounts of FII's registered with SEBI. • International Multilateral Agencies approved by the Government of India. • Army/Navy/Air Force, Para-Military Units and other eligible institutions. • Scientific and Industrial Research Organizations. • Provident/Pension/Gratuity and such other Funds as and when permitted to invest. • Universities and Educational Institutions. • Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustee, AMC or Sponsor, subscribe to the Units under the Scheme. <p>The list given above is indicative and the applicable law, if any, shall supersede the list.</p>
<p>Minimum amount for purchase/redemption/swiches</p>	<ul style="list-style-type: none"> • Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund by paying applicable transaction handling charges and cash component in cash and by depositing basket of securities comprising CNX PSU Bank Index. Units may be allotted only realization of cheque where the full consideration for creation unit is paid by cheque and at the value at which the underlying stocks for the creation unit is purchased against that purchase request. • The units are listed on NSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day. • The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market.

	<p>Minimum Redemption Amount: All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange.</p> <p>Mutual Fund will repurchase units from Authorised participants on any business day in creation size units. In certain circumstances, the AMC may allow Large investors to sell units in creation unit size directly to the AMC at applicable NAV and other transaction handling charges.</p>
Minimum balance to be maintained and consequences of non maintenance	Not Applicable
How to Apply	<p>For Authorised Participants & Large Investors</p> <p>Application form and Key Information Memorandum may be obtained from the offices of AMC or Investor Services Centers of the Registrar or distributors or downloaded from www.mutualfund.kotak.com. Investors are also advised to refer to Statement of Additional Information before submitting the application form.</p> <p>Purchase from Stock Exchanges (applicable for Authorised Participants, Large Investors and other investor)</p> <p>An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However there would be cost of brokerage and other transactions costs (like STT) payable to broker or sub-broker of the exchange.</p> <p>Any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p> <p>All cheques and drafts should be crossed "Account Payee Only" and drawn in favour of "Kotak PSU Bank ETF".</p> <p>Please refer to the SAI and Application form for the instructions.</p>
Non acceptance of Third Party Cheques	<p>Third Party Cheques will not be accepted by the Scheme.</p> <p>Definition of Third Party Cheques</p> <ul style="list-style-type: none"> • Where payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment. • In case of a payment from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made. If this criterion is not fulfilled, then this is also construed to be a third party payment. <p>However, afore-mentioned clause of investment with Third-Party Payment shall not be applicable for the below mentioned exceptional cases.</p> <ol style="list-style-type: none"> 1) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP installment). However this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio. 2) Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through payroll deductions. AMC shall exercise extra due diligence in terms of ensuring the authenticity of such arrangements from a fraud prevention and KYC perspectives. 3) Custodian on behalf of an FII or a client. <p>For pre funded instruments such as DD/Pay order it is the onus of the investor to provided adequate supporting documents to prove that such instruments are issued by debiting the first holders account.</p> <p>Kotak Mahindra Asset Management Co. Ltd. / Trustee retains the sole and absolute discretion to reject/ not process application and</p>

	refund subscription money if the subscription does not comply with the specified provisions of Payment Instruments.
Special Products available	No Special Products available under the scheme
Accounts Statements	<p>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 FIs 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 fund house 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.</p>
Dividend Policy	<p>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</p> <p>Trustees may declare dividend subject to availability and adequacy of distributable surplus. If and when dividends are declared, dividends will be distributed to all unit holders registered on the registers of the depositories on the record date.</p>
Redemption	<p>All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange.</p> <p>Mutual Fund will repurchase units from Authorised participants on any business day in creation size units. In certain circumstances, the AMC may allow Large investors to sell units in creation unit size directly to the AMC at applicable NAV and other transaction handling charges.</p> <p>Redemption proceeds in the form of basket of securities included in the CNX PSU Bank Index in the same proportion will be credited to the designated DP account of the AP/LI. Any fractions in the number of securities transferable to AP/LI will be rounded off to the lower integer and the value of the fractions will be added to the cash component payable. The cash component of the proceeds at the applicable NAV will be paid by way of cheque or direct credit as described in the next paragraph.</p> <p>Payment of proceeds in cash: AMC at its discretion may accept the request of AP/LI for payment of redemption proceeds in cash. If accepted, redemption proceeds will be paid by cheques, marked "Account Payee only" and drawn in the name of the sole holder/first-named holder (as determined by the records of the Registrar). The Bank Name and No., as specified in the Registrar's records, will be mentioned in the cheque, which will be payable at par at all the cities designated by the Fund from time to time. If the Unitholder resides in any other city/town, he will be paid by a Demand Draft payable at the city/town of his residence.</p> <p>Redemption cheques will generally be sent to the Unitholder's address, (or, if there is more than one joint holder, the address of the first-named holder) when the unit balance is confirmed with the records of the depository, not later than 10 (Ten) Working Days from the date of redemption.</p> <p>Redemption proceeds may also be paid to the Unitholder in any other manner like through ECS, direct credit, RTGS, demand draft, etc as the AMC may decide, from time to time, for the smooth and the efficient functioning of the Scheme.</p> <p>Note: The mutual fund will rely on the address and the bank account details recorded in the depository system. Any changes to the address and bank account details can be made only through the depository system.</p>

Redemption by NRIs/FIIs	<p>Credit balances in the account of a NRIs/FIIs unit holder may be redeemed by such unit holder subject to any procedures laid down by the RBI.</p> <p>Payment to NRI/FII unit holder will be subject to the relevant laws/guidelines of RBI as are applicable from time to time (subject to deduction of tax at source as applicable).</p> <p>The Fund will not be liable for any delays or for any loss on account of exchange fluctuations while converting the rupee amount in US Dollar or any other currency.</p> <p>Note: The mutual fund will rely on the NRI status and his account details as recorded in the depository system. Any changes to the same can be made only through the depository system.</p>
Delay in payment of redemption / repurchase proceeds	The Asset Management Company 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 A/c Details	<p>As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form.</p> <p>The Bank Account details as mentioned with the Depository should be mentioned</p>
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.	Not Applicable
Restrictions, if any, on the right to freely retain or dispose of units being offered.	Units which are held in demat form shall be freely transferable under the depository system.

B. 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 Kotak PSU Bank ETF units are listed on NSE and all purchase and sale of units by investors other than Authorised Participants and Large Investors will be done on the stock exchange. The NAV has a reference value for investors and will be useful for Authorised Participants for offering quotes on the Stock Exchange.</p> <p>The Mutual Fund shall endeavour to update the Net asset value of the schemes on every Business day on AMFI's website www.amfiindia.com by 9.00 p.m. The NAVs shall also be updated on the website of the Mutual Fund mutualfund.kotak.com will be released in two newspapers for publication</p> <p>The AMC may also calculate intra-day indicative NAV and publish the same on its website www.mutualfund.kotak.com. Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</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 unaudited financial results will be published through an advertisement in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Registered Office of the Trustee is situated, before the expiry of one month from the close of each half year, that is the 31st of March and the 30th of September. The same will also be posted on the website of www.mutualfund.kotak.com and will be sent to AMFI for posting on its website www.amfiindia.com.</p>
Half Yearly Results	<p>A complete statement of the portfolio of the Scheme will either be sent to all Unitholders, or published by way of an advertisement, before the expiry of one month from the close of each half year, that is the 31st of March and the 30th of September, in one 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 Trustee is situated. The same will also be posted on the website of the www.mutualfund.kotak.com</p>

Annual Report	Scheme wise Annual Report shall be mailed to all unitholders within six months from the date of closure of the relevant accounts year i.e. 31st March every Year; or an abridged summary thereof shall be mailed to all unitholders within four months from the date of closure of the relevant accounts year.																		
Associate Transactions	Please refer to Statement of Additional Information (SAI).																		
<p>Taxation</p> <p>The information is provided for general information purposes only. However, in view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with respect to the specific tax implications arising out of his or her participation in the scheme.</p>	<p>Applicable tax rates (Refer Notes) based on prevailing tax laws</p> <table border="1" data-bbox="802 398 1474 645"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Unit holder</th> <th rowspan="2">Mutual Fund</th> </tr> <tr> <th>Resident</th> <th>FII</th> </tr> </thead> <tbody> <tr> <td>Tax on Dividend</td> <td>NIL</td> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>Short Term Capital Gain</td> <td>15%</td> <td>15%</td> <td>NIL</td> </tr> <tr> <td>Long Term Capital Gain</td> <td>NIL</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table> <p>Note (1) : The above rates would be increased by a surcharge of :</p> <p>(a) 5% - in case of domestic corporate unit holders, where the total income exceeds Rs. 10,000,000</p> <p>(b) 2% - in case of FII being a corporate, where the total income exceeds Rs. 10,000,000</p> <p>Further, an additional surcharge of 3% (Education cess of 2% and Secondary & Higher education Cess of 1%) would be charged on the amount of tax inclusive of surcharge for all unit holders.</p> <p>Under section 10(23D) of the Income tax Act, 1961, income earned by a Mutual Fund registered with SEBI is exempt from income tax.</p> <p>Since, the scheme in this SID, qualify as an equity oriented fund, Securities Transaction tax is payable by the unit holders on redemption / repurchase of units by the Fund at 0.25% of sale/redemption value.</p> <p>For further details on taxation please refer to the clause on taxation in the SAI.</p>		Unit holder		Mutual Fund	Resident	FII	Tax on Dividend	NIL	NIL	NIL	Short Term Capital Gain	15%	15%	NIL	Long Term Capital Gain	NIL	NIL	NIL
	Unit holder		Mutual Fund																
	Resident	FII																	
Tax on Dividend	NIL	NIL	NIL																
Short Term Capital Gain	15%	15%	NIL																
Long Term Capital Gain	NIL	NIL	NIL																
Investor services	<p>Mr. R. Chandrasekaran Kotak Mahindra Asset Management Company Limited 6th Floor, Kotak Towers, Building No.21, Infinity Park, Off: Western Express Highway Goregaon - Mulund Link Road, Malad (East), Mumbai 400097 Phone Number: 6638 4400 Fax: 6638 4455 e-mail: mutual@kotak.com</p>																		

C. COMPUTATION OF NAV

The NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date.

The Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI/AMFI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

NAV of Units under the Scheme will be calculated as shown below:

$$\text{NAV} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current assets including Accrued Income} - \text{Current Liabilities and provisions including accrued expenses}}{\text{No. Of Units outstanding under the Scheme/Option.}}$$

NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Business Day. The NAV shall be computed upto four decimals

The AMC may also calculate intra-day indicative NAV and publish the same on its website www.mutualfund.kotak.com Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.

V. FEES AND EXPENSES

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

A. New Fund Offer (NFO) Expenses

This is an ongoing scheme on the date of updating this document

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 estimate of the ongoing fees and expenses of operating the Scheme on an annual basis, expressed as a percentage of the amount of the Scheme's daily average net assets is given in the table below. The purpose of the table is to assist the investor in understanding the various heads of costs and expenses that an investor of the Scheme will bear directly or indirectly.

Recurring Expenses

Description	(% per annum of daily average net assets)
Investment Management and Advisory Services Fees payable to AMC	0.75
Cost Relating to Investors Communication	0.10
Custodial Fees and associated costs	0.05
Registrars Fees & Processing Charges including stamp duty if any	0.10
Listing Fees/ Other associated expenses	0.10
Marketing and Sales Promotion	0.35
Miscellaneous and other charges	0.05
Total Annual Recurring Expenses (Estimated)	1.50

These estimates are made in good faith by the Investment Manager and are subject to change, both inter se and as an increase or decrease in the estimated total annual recurring expenses. Though the Investment Manager will make efforts to keep the recurring expenses to the minimum, actual expenses under any head and / or the total expenses may be more or less than the estimates. The Investment Manager retains the right to charge the actual expenses to the Fund, however the expenses charged will not exceed 1.50% as stated above. If the expenses exceed the limits stated above, the expense in excess of 1.50% shall be borne by the AMC.

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 www.mutualfund.kotak.com or may call at 1800-22-2626 or your distributor.

Entry Load: Nil

In terms of SEBI Circular 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

Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load.

The Trustee reserves the right to change the load structure of the Scheme on a prospective basis. Should the Trustee, on any date, decide to change the load structure, it will be on a prospective basis and investments made by Unitholders prior to such date will continue to attract the loads applicable prior to such change.

Investors may obtain information on loads on any Business Day by calling the office of the AMC or any of the Investor Service Centers. Information on applicability of loads will also be provided in the Account Statement.

All loads including Contingent Deferred Sales Charge (CDSC) for the Scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

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 load shall be applicable on a prospective basis. The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and key information memoranda already in stock. Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office. The introduction of the exit load/ CDSC alongwith the details may 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. A public notice shall 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.

VI. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

VII. 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

SEBI Requirements	Response
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.	NIL
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.	NIL
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.	NIL
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.	NIL

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.

Note: The Scheme under this Scheme Information Document was approved by the Trustee at their meeting held on April 27, 2007.

OFFICIAL COLLECTION CENTRES

KMAMC AUTHORISED COLLECTION CENTRES

Agra: F-14, 1st Floor, Narayan Tower, Sanjay Place, Agra - 282002 **Ahmedabad:** 9,10,11- 2nd Floor, Siddhi Vinayak complex, Shivrangani Cross Roads, Satellite, Ahmedabad - 380015 **Ajmer:** Shop No 50, 1st Floor, Ajmer Tower, Kutchery Road, Ajmer - 305001 **Aligarh:** 1st Floor, C1, Omeshwar Plaza, Plot No.3/243, Laxmi Bai Marg, Marris Road, Aligarh - 202001 **Allahabad:** Upper Ground Floor, Vashistha Vinayak Tower, 38/1 Tashkant Marg, Civil Lines, Allahabad - 211003 **Ambala:** 5397-5398, First Floor, Punjabi Mohalla, Nicholson Road, Above Haryana Beauty Parlour Ambala Cantt - 133001 **Amritsar:** 2nd Floor, SCO-32, Pal Plaza, Distt. Shopping Complex, Block-B, Ranjit Avenue, Amritsar - 143001 **Anand:** 303, Madhav Complex, Grid Road, Opp ACC Collage, Anand - 388001 **Aurangabad:** 3rd Floor, Kandi Towers, Above Kotak Mahindra Bank, Jalna Road, Aurangabad - 431001. **Bangalore:** 2nd Floor, Umiya Landmark, 10/7, Lavelle Road, Bangalore - 560001 **Bareilly:** 1st Floor, 167-A, Civil Lines, Station Road, Above Syndicate Bank, Bareilly - 243001 **Bathinda:** VD Complex 2928, E/45, Bibiwala Road, Bathinda - 151005 **Bhavnagar:** 209, Shopper's Point, Waghawadi Road, Parimal Chowk, Bhavnagar - 364002 **Bhilai:** Kirti Lokhande Building, Shop No. 187, 1st Floor, Zonal market, Sector No.10, Bhilai - 490006 **Bhopal:** 2nd Floor, Office No.SB-21, Mansarovar Complex, Hoshangabad Road, Bhopal - 462011 **Bhubaneswar:** 2nd Floor, Building No.24, SCR Janpath, Bapujinagar, Bhubaneswar - 751001 **Bhub:** Ramyakala Shop no 4, Ground Floor, Nr Dr.Mahadev Patel Hospital, Hospital Road, Bhub Kachch - 370001 **Calicut:** PARCO Complex, 5th Floor, Near ICICI Bank Ltd, Kallai Road, Calicut - 673012 **Chandigarh:** Sco No 2475- 2476, 1st Floor, Sector 22 C, Chandigarh -160022 **Chennai:** 1st Floor, Eldorado Building, 112, Nungambakkam High Road, Chennai - 600034 **Cochin:** Shop No: 56 & 57. 2nd Floor, Jacob DD Mall. M G Road, Shenoy's Junction, Cochin - 682035 **Coimbatore:** S. S. Complex, 554B/1, 2nd Floor, D.B. Road, R S Puram, Coimbatore - 641002 **Cuttack:** Mahaveer Apts, Gr. Floor, Room No G-4, Link Road, PO Arunodaya Nagar, Cuttack - 753012 **Dehradun:** 9A & B, 1st Floor, India Trade Centre, 97 Rajpur Road, Dehradun - 248001 **Dhanbad:** Room No-418, Sriram Plaza, Bank More, Dhanbad, 826001 **Durgapur:** 5th Floor, 5/33 Suhatta, City Centre, Durgapur - 713216 **Goa:** 3rd Floor, Mathias Plaza, 18th June Road, Panjim, Goa - 403001 **Gorakhpur:** Office no 4, 2nd Floor, Cross Road, A. D. Chowk, Bank Road, Gorakhpur - 273001 **Guntur:** 2nd Floor, Platini Plaza, 8th Line Main Road, Arundalpet, Guntur - 522002 **Gurgaon:** 2nd Floor, SCO-14, Sector No 14, Gurgaon - 122001 **Guwahati:** 5th Floor, Amaze Shopping Mall (Above Vishal Mega Mart) A.T.Road, Guwahati - 781001 **Hubli:** 1st Floor, Kundgol Complex, Court Circle, Hubli - 580029 **Hyderabad:** Jade Arcade, 102A, 1ST Floor, 126 MG Road, Near Paradise Circle, Hyderabad - 500003 **Indore:** M-5, Mezzaunie Floor, Starlit Tower, 29/1, Y N Road, INDORE - 452001 **Jaipur:** 202, Mall-21, Opp. Raj Mandir Cinema, Bhagwandas Road, Jaipur - 302001 **Jalandhar:** 212, 2nd Floor, Grand Mall Building, G.T. Road, Jalandhar - 144001 **Jalgaon:** 16/17, Daulat Plaza, 1999, M G Road, Near Shastri Tower, Jalgaon 425001 **Jammu:** Shop No.21, Ground Floor, A-2 South Block, Bahu Plaza, Jammu - 180001 **Jamnagar:** 107, 1st Floor, Madhav Darshan, Opp. Cricket Bungalow, Jamnagar - 361001 **Jamshedpur:** 1st Floor, Sanghi Mansion, Main Road, Sakchi Boulevard Road, Ram Mandir Area, Biustupur, Jamshedpur - 831001 **Jodhpur:** 2nd Floor, Dhan Laxmi Tower 1, Chopasni Road, Jodhpur - 342001 **Kanpur:** Room No. 107, 1st Floor, Ratan Squire, 14/144 Chunni Ganj, Kanpur - 208001 **Kolhapur:** Office No 59, Upper Ground Floor, Raobahadur Dajirao Vichare Complex, Gemstone, 517 A/2, New Shahupuri, Near Central Bus Stand, Kolhapur 416 002 **Kolkata:** 1st Floor, Horizon, 57 Chowranghee Road, Kolkata - 700 071 **Kota:** 2nd Floor, 202 Sajjna Appartment, Opp. ICICI Bank, Jhalawar Road, Kota - 324007 **Kottayam:** (Relocation): Kotak Mahindra Asset Management Company Limited, 3rd Floor, Pulimoottil Arcade, K K Road, Kanjikuzhy, Kottayam - 686004 (Kerala) **Lucknow:** Aryans Business Park, 90 MG Marg, Lucknow - 226 001 **Ludhiana:** Lower Ground Floor, Cabin No.22, SCO - 18, Feroze Gandhi Market, Ferozepur Road, Ludhiana - 141001 **Madurai:** A R Plaza, No. 16 and 17, North Veli Street, Madurai - 625001 **Mangalore:** 2nd Floor, Manasa Towers, Near PVS Circle, M.G. Road, Kodialbail, Mangalore - 575003. **Mathura:** 1st Floor, Tera Tower, Bhutashwar Road, Mathura - 281001 **Meerut:** Shop No 9, 2nd Floor, Star Plaza, Baccha Park, Meerut - 250001 **Moradabad:** A-5, Murti Complex, Gandhi Nagar, Near Sabka Bazar, Moradabad - 244001 **Mumbai:** 6th Floor, Kotak Infinity, Building No. 21, Infinity Park, Off Western Express Highway, Gen. A K Vaidya Marg, Malad (E), Mumbai - 400097 **Mumbai (Nariman Point):** 36-38A, Nariman Bhavan, 227, Nariman Point Mumbai - 400 021 **Mumbai (Borivali):** B-601, 6th Floor, Sai Leela Building, S V Road, Opp. Moksh Plaza, Borivali (West), Mumbai - 400092 **Mumbai (Thane):** 101-102, 1st Floor, Lotus Plaza, Gokhale Road, Naupada, Thane (West) Mumbai - 400602 **Mysore:** Prashanth Plaza, 5th Cross, 4th Main Road, Saraswathipuram, Mysore 570009 **Nagpur:** B-101, Mahalaxmi Apartments, Near Ajit Bakery, Khare Town, Dharampeth, Nagpur-440010 **Nashik:** Shop no.6, Ground Floor, Krishnaratna, Opp. Hotel Potoba, New Pandit Colony, Nashik - 422001 **New Delhi:** 12-14, Upper Ground Floor, Ambadeep Building, 14 Kasturba Gandhi Marg, New Delhi - 110 001 **New Delhi (Pitampura):** 806, Aggarwal Cyber Plaza - I, Netaji Subhash Place, Pitampura, New Delhi - 110034 **Panipat:** Royal 1 Bldg, Besment, Adjoining Gurdwara, Opp Naval Cinema, G T Road, Panipat - 132103 **Patiala:** B-17/423, Opp. Polo Ground, Near Modi College, Lower Mall, Patiala - 147001 **Patna:** 204 Shyam Center, Besides Republic Hotel, Exhibition Road, Patna - 800001 **Pune:** Yeshwant, Office no 31, 3rd Floor, Plot No 37/10 B, Opp Lane no 9, Prabhat Road, Pune - 411004. **Raipur:** GF-04, Millennium Plaza, Banstal Road, Near Indian Coffee House, Raipur-492001 **Rajkot:** 1st Floor, 124 Star Plaza, Phulchhab Chowk, Rajkot - 360001 **Ranchi:** 2nd Floor, Anand Mayee Building, Opp Gel Church Complex, Above Basudeb Auto Mobile, Main Road, Ranchi - 834001 **Rourkela:** 2nd Floor, 590/1830, Udit Nagar, Sundergarh, Main Road, Rourkela - 769004 **Salem:** 213, 2nd Floor, Kandaswarna Shopping Mall, Saradha Collage Main Road, Salem - 636016 **Shimla:** Bhagra Nivas, Near Lift Road, The Mall Shimla - 171001 **Siliguri:** Lower Ground Floor, Nanak Complex, Sevoke Road, Siliguri - 734001 **Srinagar:** C/O Cureimn Medicate, Zaindar Mohalla, Habba Kadal, Srinagar - 190001 **Surat:** Ground Floor, Kotak House, K. G. Point, Nr. Ganga Palace, Ghod-Dod Road, Surat - 395007 **Trichy:** 1st Floor, Vignesh Aradhana, No.16, Shop no.4, Shastri Road, Thennur, Trichy - 620017 **Trivandrum:** S.1. White Heaven, Vellayambalam, Trivandrum - 695010 **Udaipur:** C/o. Kotak Securities, 1st Floor, Moomal Tower, Above IDBI Bank, 222/16, Saheli Marg, Saheli Nagar, Udaipur - 313001 **Vadodara:** 202, Gold Croft, Opp. Only Parathas Restaurant, Jetalpur Road, Vadodara - 390007 **Vapi:** Office No.10, 1st Floor, Sahara Market, Vapi-Silvassa Road, Vapi - 396191 **Varanasi:** D-58/53-54, Shiva Complex, Shop No 9, Rathyatra Crossing, Varanasi - 221010 **Vijayawada:** 2nd Floor, Soma shankar Nilayam, 40-1-29, Above Kuttons Show Room, Near Fortune Murali Park, M G Road, Vijayawada - 520010 **Vishakapatnam:** 1st floor, Door No. 47-10-10, Rednam Regency, 2nd lane Dwaraka Nagar, Visakhapatnam - 530016.