DSP BLACKROCK
MUTUAL FUND

SCHEME INFORMATION DOCUMENT

DSP BLACKROCK DUAL ADVANTAGE FUND – Series 1 to 10

Close Ended Income Schemes

Offer of Units of Rs. 10/- each during the New Fund Offer

New Fund Offer of:

DSP BlackRock Dual Advantage Fund – Series 1 - ----M	**Opens on: ----------, 2011**	**Closes on: ----------, 2011**

New Fund Offer of the remaining Schemes i.e. DSP BlackRock Dual Advantage Fund – Series 2 to 10 will open at any time within six months from the date of SEBI approval, i.e. ……, 2011.

Name of Mutual Fund	:	DSP BlackRock Mutual Fund
Name of Asset Management Company	:	DSP BlackRock Investment Managers Private Limited
Name of Trustee Company	:	DSP BlackRock Trustee Company Private Limited
Addresses of the entities	:	Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021
Website	:	www.dspblackrock.com

The particulars of the Schemes have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as the 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 this Scheme Information Document (SID).

BSE Disclaimer: Bombay Stock Exchange Ltd. ("the Exchange") has given vide its letter dated September 09, 2011 permission to DSP Black Rock Mutual Fund to use the Exchange's name in this SID as one of the Stock Exchanges on which this Mutual Fund's Unit are proposed to be listed. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to DSP BlackRock Mutual Fund. The Exchange does not in any manner: - i) warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or ii) warrant that this scheme's unit will be listed or will continue to be listed on the Exchange; or iii) take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund; and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any unit of DSP Black Rock Dual Advantage Fund - Series 1 to 10 of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

The SID sets forth concisely the information about the Schemes that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes after the date of this document from DSP BlackRock Mutual Fund /Investor Service Centres/Website/Distributors or Brokers.

For details of DSP BlackRock Mutual Fund, tax and legal issues and general information investors are advised to refer to the Statement of Additional Information (SAI) available on www.dspblackrock.com.

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

The SID should be read in conjunction with the SAI and not in isolation.

This SID is dated --------, 2011.

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SECTION I. HIGHLIGHTS/SUMMARY OF THE SCHEMES

Type of Scheme	Close ended income Schemes
Investment Objective	The primary investment objective of the Schemes is to seek to generate returns and capital appreciation by investing in a portfolio of debt and money market securities. The scheme also aims to enhance the return by taking exposure in a portfolio of equity & equity related instruments. As far as investments in debt and money market securities are concerned, the Scheme will invest only in such securities which mature on or before the date of maturity of the Schemes. There is no assurance that the investment objective of the Schemes will be realized.
Options	Options – Growth (Option A) & Dividend Payout (Option B)
Minimum Application Amount (Applicable only during New Fund Offer Period)	Rs. 5,000/- and in multiples of Re. 1/- thereafter.
Loads	**Entry Load -** NIL **Exit Load -** Not Applicable (The Units under the Schemes cannot be directly redeemed with the Mutual Fund as the Units will be listed on the Stock Exchange/s.)
Benchmark Index	CRISIL MIP Blended Index
Listing	The Units are proposed to be listed on BSE or any other recognized Stock Exchange as may be approved by the Trustee, within 5 business days from allotment. For details, **please refer provision for Listing under 'Section VI. Units and Offer'.**
Liquidity	The Units of the Schemes cannot be redeemed by the investors directly with the Mutual Fund until the maturity of the Schemes and there will be redemption by the Mutual Fund on the maturity of the Schemes. However, investors who wish to exit/redeem before the maturity date may do so through stock exchange mode, if they have opted to hold Units in a demat form, by mentioning their demat details on the NFO application form. The Unit holders are given an option to hold Units by way of an account statement (physical form) or in dematerialized form (demat). The Units of the Schemes will be listed on the Capital Market Segment of Bombay Stock Exchange Limited (BSE) within 5 business days from the date of allotment. The Trustee may at its sole discretion; list the Units under the Schemes on any other recognized Stock Exchange at a later date. The Units of the Schemes can be purchased/sold on a continuous basis (subject to suspension of trading) on BSE and/or any other Stock Exchange on which the Units are listed during the trading hours like any other publicly traded stock. The price of the Units in the market will depend on demand and supply at that point of time. There is no minimum investment, although the Units are purchased in round lots of 1.
Tenure/Duration of the Schemes	12 months to 60 months from the respective date of allotment. The exact duration of Schemes shall be decided at the time of launch of the respective Scheme(s) and in case of the Scheme(s) launched after New Fund Offer of the first Scheme under the SID, the duration/tenure of the Scheme will be indicated in the notice published for launch of each of the Scheme. The Units of the Schemes will be fully redeemed at the end of their respective tenure/duration. In case the maturity date happens to be a non-Business Day, the immediately succeeding Business Day will be considered as the maturity date. On the maturity date, all Units under the Schemes will be compulsorily, and without any further act by the Unit Holders, redeemed at the Applicable NAV of that day. For the units held in electronic form, the units will be extinguished with the Depository and the redemption amount will be paid to the Unit Holders on the maturity date, at the prevailing NAV on that date.
Transparency/NAV Disclosure	NAV will be declared in at least two daily newspapers on every Business Day, except in special circumstances as described in the SAI. Also, full portfolio in the prescribed format will be disclosed by publishing in the newspapers or by sending to the Unit Holders within 1 month from the end of each half-year i.e. March 31 and September 30. The portfolio will also be displayed on the website of the Mutual Fund.

SECTION II. DEFINITIONS

Applicable NAV	The NAV at which Units will be compulsorily redeemed on maturity of the Schemes.
Application Supported by Blocked Amount (ASBA)	ASBA is an application containing an authorization to a Self Certified Syndicate Bank (SCSB) to block the application money in the bank account maintained with the SCSB, for subscribing to a New Fund Offer.
AMC or Investment Manager or DSPBRIM	DSP BlackRock Investment Managers Pvt. Ltd., the asset management company, set up under the Companies Act 1956, and authorized by SEBI to act as the asset management company to the schemes of DSP BlackRock Mutual Fund.
Beneficial owner	Beneficial Owner as defined in the Depositories Act, 1996 means a person whose name is recorded as such with a depository.
Business Day	A day other than (i) Saturday and Sunday, (ii) a day on which BSE or NSE or RBI or banks in Mumbai, remains closed, (iii) a day on which money markets are closed/inaccessible, (iv) a day on which there is no RBI clearing/settlement of securities and (v) a day on which the Sale and Redemption of Units are suspended
BSE	Bombay Stock Exchange., a Stock Exchange recognized by the Securities and Exchange Board of India.
Custodian	Citibank N. A., Mumbai branch, acting as custodian to the Schemes, or any other Custodian who is approved by the Trustee.
Date/s of Allotment	The date/s on which Units subscribed to during the New Fund Offer Period will be allotted.
DSPBRDAF – S1 to 10	DSP BlackRock Dual Advantage Fund – Series 1 to 10
Depository	National Securities Depository Ltd.(NSDL)/Central Depository Services (India) Limited (CDSL) or such other depository as approved by the Trustee, being a body corporate as defined in the Depositories Act, 1996.
Depository Participant/DP	Depository Participant (DP) is an agent of the Depository which acts like an intermediary between the Depository and the investors. DP is an entity which is registered with SEBI to offer depository-related services.
Entry Load	Load on purchase of Units
Exit Load	Load on redemption of Units
Fund/Mutual Fund	DSP BlackRock Mutual Fund, a trust set up under the provisions of the Indian Trust Act, 1882, and registered with SEBI vide Registration No. MF/036/97/7.
FII	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Investment Management Agreement	The Agreement dated December 16, 1996 entered into between DSP BlackRock Trustee Company Private Limited and DSP BlackRock Investment Managers Pvt. Ltd., as amended from time to time.
NAV	Net Asset Value of the Units of the Schemes (and Options, if any, therein) calculated in the manner provided in this SID or as may be prescribed by the SEBI (MF) Regulations, from time to time.
Non Business Day	A day other than a Business Day.
NRI	Non Resident Indian.
NSE	National Stock Exchange of India Ltd., a Stock Exchange recognized by the Securities and Exchange Board of India.
Offer Document	This Scheme Information Document (SID) and the Statement of Additional Information (SAI) (collectively)
PIO	Person of Indian Origin.
Registrar	Computer Age Management Services Pvt. Ltd.
Self Certified Syndicate Banks	The list of banks that have been notified by SEBI to act as a SCSB for the ASBA process as provided on www.sebi.gov.in.
Scheme Information Document/SID	This document issued by DSP BlackRock Mutual Fund, offering Units of DSPBRDAF - Series 1 to 10

Statement of Additional Information/SAI	A document containing details of the Mutual Fund, its constitution, and certain tax, legal and general information, and legally forming a part of the SID.
Scheme/Schemes	Any one or each DSPBRDAF - Series 1 to 10 and the singular shall be deemed to include plural, as the context permits.
SEBI	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
Sponsors	DSP ADIKO Holdings Pvt. Ltd. & DSP HMK Holdings Pvt. Ltd. (collectively) and BlackRock Inc.
Stock Exchange/Exchange	BSE or any other recognized stock exchange in India, as may be approved by the Trustee.
Trustee	DSP BlackRock Trustee Company Private Ltd., a company set up under the Companies Act, 1956 and approved by SEBI to act as the Trustee to the schemes of DSP BlackRock Mutual Fund.
Unit	The interest of an investor which consists of one undivided share in the Unit Capital of the relevant Option under the Schemes offered by this SID.
Unit Holder/Investor	A participant/holder of Units in the Schemes offered under this SID.

SECTION III - ABBREVIATIONS & INTERPRETATIONS

In this SID, the following abbreviations have been used:

AMC:	Asset Management Company	MBS:	Mortgaged Backed Securities
AMFI:	Association of Mutual Funds in India	NAV:	Net Asset Value
AML:	Anti-Money Laundering	NEFT:	National Electronic Funds Transfer
ABS:	Asset Backed Securities	NFO:	New Fund Offer
ASBA:	Application Supported by Blocked Amount	NRI:	Non-Resident Indian
CAMS:	Computer Age Management Services Private Limited	NSDL:	National Securities Depository Limited
CDSL:	Central Depository Services (India) Limited	NSE:	National Stock Exchange of India
		OTC	Over the Counter
CBLO:	Collateralised Borrowing and Lending Obligation	PIO:	Person of Indian Origin
DP	Depository Participant	PMLA:	Prevention of Money Laundering Act, 2002
DFI:	Development Financial Institutions	POS:	Points of Service
ECS:	Electronic Clearing System	PSU:	Public Sector Undertaking
EFT:	Electronic Funds Transfer	RBI:	Reserve Bank of India
FII:	Foreign Institutional Investor	RTGS:	Real Time Gross Settlement
FRA:	Forward Rate Agreement	SEBI:	Securities and Exchange Board of India established under the SEBI Act, 1992
FOF:	Fund of Funds	SI:	Standing Instructions
HUF:	Hindu Undivided Family	SIP:	Systematic Investment Plan
IMA:	Investment Management Agreement	SWP:	Systematic Withdrawal Plan
IRS:	Interest Rate Swap	STP:	Systematic Transfer Plan
ISC:	Investor Service Centre	STT:	Securities Transaction Tax
KYC:	Know Your Customer	SCSB:	Self Certified Syndicate Bank
LTV:	Loan to Value Ratio	BSE:	Bombay Stock Exchange

INTERPRETATION

For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to “US$” refer to United States Dollars and “Rs.” refer to Indian Rupees. A “Crore” means “ten million” and a “Lakh” means a “hundred thousand”.
- References to times of day (i.e. a.m. or p.m.) are to Mumbai (India) times and references to a day are to a calendar day including non-Business Day.

SECTION IV. INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

- Investment in mutual fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk, including the possible loss of principal.
- As the price/value/interest rates of the securities in which the Schemes invest fluctuates, the value of your investment in the Schemes may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Schemes.
- The names of the Schemes do not in any manner indicate either the quality of the Schemes or its future prospects and returns.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Mutual Fund.
- The present Schemes are not guaranteed or assured return Schemes.

Scheme Specific Risk Factors
Risks associated with investment in fixed income securities

- **Liquidity Risk on account of unquoted and unlisted securities:** Some securities, which are not quoted on the stock exchanges, may be illiquid in nature and may carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. Within the Regulatory limits, the AMC may choose to invest in unlisted securities that offer returns commensurate with risks. Liquidity risk may also arise due to high impact costs for liquidation of securities held in the portfolio. However, in closed ended schemes, liquidity risk on account of underlying securities' market liquidity does not exist as intermediate liquidity is not required. Liquidity access is done through contractual maturity of the security, which is in line with the term of the schemes.
- **Credit Risk and Market Risk:** Money market and debt securities are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk).The Investment Manager will endeavor to create a portfolio with high credit quality in the required investment horizon. These securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The Investment Manager will endeavor to manage credit risk through in-house credit analysis. An independent Risk Management team within the AMC is responsible for managing the credit risk through in-house credit analysis.
- **Reinvestment Risk:** Investments made by the Schemes are subject to reinvestment risk. This risk refers to the interest rate levels at which cash flows received from the securities in the Schemes are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Term Structure of Interest Rates (TSIR) Risk:** The NAV of the Schemes' Units, to the extent that the Schemes are invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline. Although this risk exists in a fixed income portfolio, the closed ended nature of the Scheme mitigates the risk as portfolio construction at the time of inception leads to creation of a portfolio with securities whose maturity date is in line with the maturity date of the Scheme.
- **Credit Rating Risk:** Different types of securities in which the Schemes would invest as given in the SID carry different levels and types of risk. Accordingly the Schemes' risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are rated AAA carry lower default risk than bonds which are AA rated.
- **Concentration Risk:** Concentration risk arises due to concentrated investment in single security or single issuer.
- **Event Risk:** Price risk due to company or sector specific event. Investments in the Schemes made in foreign currency by a Unit Holder are subject to the risk of fluctuation in the value of Indian Rupee.
- The underlying benchmark of a floating rate security might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements, leading to loss of value of the security.

Risks associated with investment in equity and equity related instruments

The liquidity of investments made in the Schemes may be restricted by trading volumes, settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Schemes are uninvested and no return is earned thereon. The inability of the Schemes to make intended securities purchases, due to settlement problems, could cause the Schemes to miss certain investment opportunities. By the same token, the inability to sell securities held in the Schemes' portfolios, due to the absence of a well developed and liquid secondary market for debt securities, would result at times, in potential losses to the Schemes, should there be a subsequent decline in the value of securities held in the Schemes' portfolios.

Risks associated with investments in Securitised Assets

Generally available Asset Classes for securitisation in India:

- Commercial Vehicles
- Auto and Two wheeler pools
- Mortgage pools (residential housing loans)
- Personal Loan, credit card and other retail loans
- Corporate loans/receivables

In terms of specific risks attached to securitisation, each asset class would have different underlying risks, however, residential mortgages are supposed to be having lower default rates as an asset class. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher and hence their overall risks are comparable to other AAA rated asset classes.

The rating agencies have an elaborate system of stipulating margins, over collateralisation and guarantees to bring risk limits in line with the other AAA rated securities. It is relevant to note here that predominantly the Schemes intend to invest in only AAA rated securitised debt. This compares favorably with a portfolio which is constructed on the basis of AA rated securitised debt. Some of the factors, which are typically analyzed for any pool are as follows:

a. **Size of the loan:** generally indicates the kind of assets financed with loans. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say Rs.1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of Rs.10,00,000 each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed Rs.5,00,000/- per individual. Also to amplify this illustration further, if one were to construct a pool of Rs.1,00,00,000/- consisting of personal loans of Rs.1,00,000/- each, the larger number of contracts(100 as against one of 10 housing loans of Rs.10 lakh each) automatically diversifies the risk profile of the pool as compared to a housing loan based asset pool.

b. **Average original maturity of the pool:** This indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60 month contracts, the original maturity and the residual maturity of the pool viz. number of remaining installments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 100 car loans having original maturity of 60 months, if more than 70% of the contracts have paid more than 50% of the installments and if no default has been observed in such contracts, this is a far superior portfolio than a similar car loan pool where 80% of the contracts have not even crossed 5 installments.

c. **Loan to Value Ratio:** Indicates how much % value of the asset is financed by borrower's own equity. The lower LTV, the better it is. This Ratio stems from the principle that where the borrowers own contribution of the asset cost is high; the chances of default are lower. To illustrate for a Truck costing Rs.20 lakh, if the borrower has himself contributed Rs.10 lakh and has taken only Rs.10 lakh as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs.20 lakh if he defaults in repaying an installment. This is as against a borrower who may meet only Rs.2 lakh out of his own equity for a truck costing Rs.20 lakh. Between the two scenarios given above, the latter would have higher risk of default than the former.

d. **Average seasoning of the pool:** This indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loan, if a pool of assets consist of those who have already repaid 80% of the installments without default, this certainly is a superior asset pool than one where only 10% of installments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher.

e. **Default rate distribution:** This indicates how much % of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here is very obvious, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category.

Unlike in plain vanilla instruments, in securitisation transactions it is possible to work towards a target credit rating, which could be much higher than the originator's own credit rating. This is possible through a mechanism called 'Credit enhancement'. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collection from the pool of receivables for a given period are short of the contractual payouts on securitisation. Normally, securitisation leads to non-recourse instruments and therefore, the repayment on securitisation would have to come from the underlying assets and the credit enhancement. Therefore, the rating criteria centrally focus on the quality of the underlying assets.

World over, the quality of credit ratings is measured by default rates and stability. An analysis of rating transition and default rates, witnessed in both international and domestic arena, clearly reveals that structured finance ratings have been characterized by far lower default and transition rates than that of plain vanilla debt ratings. Further, internationally, in case of structured finance ratings, not only are the default rates low but post default recovery is also high.
In the Indian scenario, also, more than 95% of issuances have been AAA rated issuances indicating the strength of the underlying assets as well as adequacy of credit enhancement.

Investment exposure of the Mutual Fund with reference to Securitised Debt:

The Schemes will predominantly invest only in those securitisation issuances which have AAA rating indicating the highest level of safety from credit risk point of view at the time of making an investment. The Schemes will not invest in foreign securitized debt.

The Schemes may invest in various types of securitisation issuances, including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, Personal Loan Backed Securitisation, Collateralized Loan Obligation /Collateralized Bond Obligation and so on.

The Schemes do not propose to limit their exposure to only one asset class or to have asset class based sub-limits as it will primarily look towards the AAA rating of the offering.

The Schemes will conduct an independent due diligence on the cash margins, collateralisation, guarantees and other credit enhancements and the portfolio characteristic of the securitisation to ensure that the issuance fits in to the overall objective of the investment in high investment grade offerings irrespective of underlying asset class.

Risk Factors specific to investments in Securitised Papers:

Types of Securitised Debt vary and carry different levels and types of risks. Credit Risk on Securitised Bonds depends upon the Originator and varies depending on whether they are issued with Recourse to Originator or otherwise. Even within securitised debt, AAA rated securitised debt offers lesser risk of default than AA rated securitised debt. A structure with Recourse will have a lower Credit Risk than a structure without Recourse.

Underlying assets in Securitised Debt may assume different forms and the general types of receivables include Auto Finance, Credit Cards, Home Loans or any such receipts, Credit risks relating to these types of receivables depend upon various factors including macro economic factors of these industries and economies. Specific factors like nature and adequacy of property mortgaged against these borrowings, nature of loan agreement/ mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loans, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the asset borrowings underlying the securitized debt.

Holders of the securitised assets may have low credit risk with diversified retail base on underlying assets especially when securitised assets are created by high credit rated tranches, risk profiles of Planned Amortisation Class tranches (PAC), Principal Only Class Tranches (PO) and Interest Only class tranches (IO) will differ depending upon the interest rate movement and speed of prepayment.

Unlike in plain vanilla instruments, in securitisation transactions, it is possible to work towards a target credit rating, which could be much higher than the originator's own credit rating. This is possible through a mechanism called 'Credit enhancement'. The process of 'Credit enhancement' is fulfilled by filtering the underlying asset classes and applying selection criteria, which further diminishes the risks inherent for a particular asset class. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collection from the pool of receivables for a given period is short of the contractual payout on securitisation. Securitisation is normally non-recourse instruments and therefore, the repayment on securitisation would have to come from the underlying assets and the credit enhancement. Therefore the rating criteria centrally focus on the quality of the underlying assets.

The change in market interest rates – prepayments may not change the absolute amount of receivables for the investors, but may have an impact on the re-investment of the periodic cash flows that the investor receives in the securitised paper.

Limited Liquidity and Price risk

Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

Limited Recourse, Delinquency and Credit Risk

Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

Risks due to possible prepayments: Weighted Tenor / Yield

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. Full prepayment of underlying loan contract may arise under any of the following circumstances:

- Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
- Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
- The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same

In the event of prepayments, investors may be exposed to changes in tenor and yield.

Bankruptcy of the Originator or Seller

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

Bankruptcy of the Investor's Agent

If Investor's agent becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustee but in its personal capacity, then an Investor could experience losses or delays in the payments due under the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/ receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity.

Credit Rating of the Transaction / Certificate

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

Risk of Co-mingling

The Servicers normally deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of the Servicer. If the Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss. Due care is normally taken to ensure that the Servicer enjoys highest credit rating on stand alone basis to minimize Co-mingling risk.

Risk associated with Credit Default Swaps: Risks associated with credit default swaps may include counter party risk, liquidity risk and other associated market risks.

Risk Associated with Derivatives

As and when the Scheme trades in derivative products, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivatives require the maintenance of adequate controls to monitor the transact ions and the embedded market risks that a derivative adds to the port folio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to:

(i) Credit Risk – this occurs when a counterparty defaults on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counterparty, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge.
For exchange traded derivatives, the risk is mitigated as the exchange provides a guaranteed settlement but one takes the performance risk on the exchange.

(ii) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.

(iii) Model Risk, the risk of mis–pricing or improper valuation of derivatives.

(iv) Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument / underlying asset being hedged.

The risks may be inter–related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/ industry assets.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. Some other risks investors must read carefully before making any investments in this Scheme, as it is expected to make investments in equity derivatives are as follows:

Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place.

- The option buyer's risk is limited to the premium paid, while the risk of an option writer is unlimited. However, the gains of an option writer are limited to the premiums earned.
- Investments in index futures face the same risk as the investments in a port folio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- Risk of loss in trading in futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.
- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility in the values.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Risk Factor associated with Listing of Units

- Trading in the Units of the Schemes on the Exchange may be halted because of market conditions or for reasons in view of the Exchange Authorities or SEBI, rendering trading in the Units of the Schemes inadvisable. In addition, trading of the Units of the Schemes is subject to trading halts caused by extraordinary market volatility and pursuant to the Stock Exchange's/market regulator's 'circuit filter' rules. There can be no assurance that the requirements of the concerned Stock Exchange necessary to maintain the listing of the units of the Schemes will remain unchanged.
- Unit holders may find it difficult or uneconomical to liquidate their investments at any particular time. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. As a result, a Unit holder must be prepared to hold the units until the maturity of the Schemes.
- Although the Units of the Schemes will be listed on the Stock Exchange, there can be no assurance that an active secondary market will develop or be maintained.
- The Units of the Schemes may trade at a significant discount or premium on the Stock Exchange. The NAV of the Schemes will fluctuate in accordance with market supply and demand for the units of the Schemes as well as be affected by changes in NAV.
- Regulatory Risk: Any changes in trading regulations by the Stock Exchange or SEBI among other things may also result in a wider premium/ discount to the NAV of the Schemes. Although the Units are proposed to be listed on the Stock Exchange, the AMC and the Trustees will not be liable for any loss suffered by

investors due to delay in listing of units of the Schemes on the Stock Exchange or due to connectivity problems with the depositories due to the occurrence of any event beyond their control.

- In case of investments by NRIs during NFO, at the time of redemption of units, TDS will be deducted at the applicable rate. However, in respect of those Unit Holders who have acquired the Units on the Stock Exchange, the Unit Holders would need to provide a certificate from a Chartered Accountant certifying the details of acquisition of Units to the Fund within two days from maturity of the Scheme, so as to enable the Fund to deduct TDS at the applicable rates. In the event of such details not being provided, the Fund would deduct TDS on the redemption proceeds assuming face value as the cost of acquisition.
- The Trustee reserves the right to list the Units of the Schemes on any other recognized Stock Exchange in India, as may be deemed fit, in which case the investors may face risks related to an undeveloped market, delay in settlements etc.
- There may be acts/omissions on the part of the Stock Exchange resulting in the cancellation of Unit Holder's orders or the execution of orders on erroneous terms.

Risk Factor associated with Close-ended Schemes

Investing in close-ended Schemes is more appropriate for seasoned investors. A close-ended Scheme endeavors to achieve the desired returns only at the scheduled maturity of the Scheme. Investors who wish to exit/redeem before the scheduled maturity date may do so through the stock exchange mode, if they have opted to hold Units in a demat form, by mentioning their demat details on the NFO application form. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. Hence, Unit Holders who sell their Units in a Scheme prior to maturity may not get the desired returns.

B. RISK MANAGEMENT STRATEGIES

DSP BlackRock Investment Managers (DSPBRIM) is committed to a strong control and compliance environment and ensuring that the management structure is appropriate to the scale of the business. DSPBRIM's fiduciary business is managed according to the rules and regulations stipulated for Asset Management Companies by the Securities & Exchange Board of India (SEBI) and also incorporates DSPBRIM's internal policies.

Besides the regulatory guidelines issued by SEBI, the investment management process of the firm adheres to the internal policies on Investment and Risk Management, which are referred to as Fund Manager Guidelines. The Fund Manager Guidelines is a comprehensive document which covers all regulatory restrictions as well as internal risk parameters. It is signed-off by the respective Fund Manager, Chief Investment Officer and Head of Risk Management.

Risk associated with investment in Fixed Income Securities

(i) Interest Rate Risk: Fall in the value of the portfolio due to upward movement of interest rates - Although this risk exists in a fixed income portfolio, the closed ended nature of the Scheme mitigates the risk as portfolio construction at the time of inception leads to creation of a short duration portfolio with securities whose maturity date is in line with the maturity date of the Scheme. Given the short duration of securities in the portfolio, interest rate risk is anticipated to be low.

(ii) Credit Risk: Issuer's inability to meet interest and principal payments on its debt obligations - Credit risk management is an independent function performed by the Risk Management team. The team establishes and continuously monitors credit limits for each issuer based on inputs from issuer financial statements, rating agencies etc. Issuer Risk Limits are imposed on a single issuer as well as an industrial group, for all the schemes. Issuer risk limits cover the quantum of exposure, maximum tenor and in some instances the type of instruments that can be purchased. Risk limits for issuers are assigned after discussion at an internal Credit Committee meeting. The endeavour is to construct a portfolio with high credit quality.

(iii) Liquidity Risk: High impact costs for liquidation of securities held in the portfolio - In a closed ended product, liquidity risk on account of underlying securities' market liquidity does not exist as intermediate liquidity is not required. Liquidity access is done through contractual maturity of the security, which is in line with the term of the closed ended Scheme.

(iv) Concentration Risk: Concentrated investment in a single security or a single issuer - We have internal fund manager guidelines for maximum exposure to a single issuer and also concentration limits on account of large holdings to avoid undue concentration in portfolio.

(v) Event Risk: Price risk due to company or sector specific event - The endeavour is to invest in securities of issuers, which have high balance sheet strength in the investment horizon to eliminate single company risk.

Risks associated with Credit Default Swaps: At present, there is no significant activity in the Credit Default Swap market. The Fund has so far not participated in Credit Default Swap market. However, we understand the risks associated with the Credit Default Swap and the AMC will have appropriate controls (including limits) before initiating any such transactions. All such transactions will be entered into with approved CDS providers and only with those CDS providers, with whom the Fund has executed ISDA or an equivalent documentation.

Risk associated with investment in equity and equity related instruments

The Investment Manager endeavours to invest in companies, where adequate due diligence has been performed by the Investment Manager. As not all these companies are very well researched by third-party research companies, the Investment Manager also relies on its own research. This involves one to one meetings with the management of companies, attending conferences and analyst meets and also tele-conferences. The company–wise analysis will focus, amongst others, on the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know–how and transparency in corporate governance.

Our internal fund manager guidelines have maximum active/passive limits per sector and per stock vis-à-vis the benchmark to mitigate excessive risk concentration

C. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEMES

The Scheme(s) shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of such Scheme(s). These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, Scheme(s) concerned shall be wound up in accordance with Regulation 39 (2) (c) of the SEBI (MF) Regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 5 Business days from the closure of the NFO period.

D. SPECIAL CONSIDERATIONS

- Subject to the SEBI (MF) Regulations, funds managed by the affiliates/associates of the Sponsors may invest either directly or indirectly in the Schemes and may acquire a substantial portion of the Schemes' Units and collectively constitute a majority investor in the Schemes. Accordingly, redemption of Units held by such funds may have an adverse impact on the value of the Units of the Schemes because of the timing of any such redemptions and may impact the ability of other Unit Holders to redeem their respective Units.
- Neither the SID and SAI, nor the Units, have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID and the SAI in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance of any registration or other legal requirements.
- Investment decisions made by the Investment Manager may not always be profitable.
- The Mutual Fund/AMC has not authorized 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 this SID as the same have not been authorized by the Mutual Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- Suspicious Transaction Reporting: If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report 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.
- The tax benefits described in this Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC

regarding the law and practice currently in force in India and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his/her own professional tax advisor.

- Investors should study this Scheme Information Document and the Statement of Additional Information carefully in its entirety and should not construe the contents as advise relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest / redeem Units.
- Any dispute arising out of the Scheme(s) shall be subject to the exclusive jurisdiction of the Courts in India. Statements in this Scheme Information Document are, except where otherwise stated, based on the law, practice currently in force in India, and are subject to changes therein.
- The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. Further, the Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory / Statutory entities as per the provisions of law.

Investors are urged to study the terms of the offer carefully before investing in the Schemes and retain this SID and the SAI for future reference.

D. DUE DILIGENCE BY THE AMC

It is confirmed that:

(i) The draft SID forwarded to SEBI is in accordance with the SEBI (MF) Regulations, and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Schemes 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 SID 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 SID and SAI are registered with SEBI and their registration is valid, as on date.

Place: Mumbai	Signed	: Sd/-
Date : September 13, 2011	Name	: Pritesh Majmudar
		(Compliance Officer)

SECTION V - INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEMES

Close ended income Schemes.

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEMES?

The primary investment objective of the Schemes is to generate returns and seek capital appreciation by investing in a portfolio of debt and money market securities. The scheme also aims to enhance the return by taking exposure in a portfolio of equity & equity related instruments. As far as investments in debt and money market securities are concerned, the Schemes will invest only in securities which mature on or before the date of maturity of the Schemes. **There is no assurance that the investment objective of the Schemes will be realized.**

C. HOW WILL THE SCHEMES ALLOCATE THEIR ASSETS?

The asset allocation of each of the Schemes will be dependent on the Tenure of the Scheme, as follows:

(1) Schemes with Tenure of 12 months

Under normal circumstances, the asset allocation of each of the Schemes will be as follows:

Types of Instruments	Indicative Allocation (% of Net Assets)	Risk Profile
*Debt & #money market securities	90% to 100%	Low to Medium
Equity & equity related	0% to 10%	High

(2) Schemes with Tenure greater than 12 months and less than or equal to 24 months

Under normal circumstances, the asset allocation of each of the Schemes will be as follows:

Types of Instruments	Indicative Allocation (% of Net Assets)	Risk Profile
*Debt & #money market securities	80% to 100%	Low to Medium
Equity & equity related	0% to 20%	High

(3) Schemes with Tenure greater than 24 months and less than or equal to 36 months

Under normal circumstances, the asset allocation of each of the Schemes will be as follows:

Types of Instruments	Indicative Allocation (% of Net Assets)	Risk Profile
*Debt & #money market securities	75% to 100%	Low to Medium
Equity & equity related	0% to 25%	High

(4) Schemes with Tenure greater than 36 months

Under normal circumstances, the asset allocation of each of the Schemes will be as follows:

Types of Instruments	Indicative Allocation (% of Net Assets)	Risk Profile
*Debt & #money market securities	65% to 100%	Low to Medium
Equity & equity related	0% to 35%	High

*Debt Securities may include securitized debt instruments upto 50% of the net assets

#The allocation to money market securities/instruments can go upto 100% of the net assets in situations when the Investment Manager is not able to source the required debt securities. This increased allocation will purely in defensive considerations and will be in the best interest of the Unit holders.

The cumulative gross exposure through equity, debt and derivative positions will not exceed 100% of the net assets of the Scheme.

As might be permitted by SEBI under extant regulations/guidelines, the Scheme may also purchase Credit Default Swaps (CDS) from eligible Market Makers in accordance with and as specified under the RBI Guidelines for CDS. Such exposure shall be upto 50% of the net assets or as may be specified by SEBI in this regard. CDS exposure shall be taken only for hedging the credit risks assumed due to investment in corporate bonds. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as might be required by SEBI guidelines. CDS are a tool to transfer and manage credit risk in an effective manner and offers the participants the opportunity to mitigate risk and also to assume credit risk which otherwise may not be possible.

The net derivatives position shall not exceed 30% of the net assets of the respective Schemes, subject to the regulatory limits.

The Schemes shall not invest in foreign debt securities.

Each Scheme shall have a separate portfolio.

In the event of any deviations below the minimum limits or beyond the maximum limits, a review and rebalancing of the asset allocation will be called for by the Investment Manager within 30 days from the date of said deviation. Such changes in the investment pattern will be for a short term and for defensive considerations and the intention being at all times to seek to protect the interest of the Unit holders.

Investors/Unit Holders can ascertain details of asset allocation of the Schemes as on the last date of each month on the Mutual Fund's website, www.dspblackrock.com, which will display the asset allocation of the Schemes as on the given day.

Pending deployment of funds of the Schemes, the AMC may invest funds of the Schemes in short-term deposits of scheduled commercial banks, subject to the following conditions:

a. Each Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
b. Each Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
c. The Trustee shall ensure that the funds of each Scheme are not parked in the short term deposits of a bank which has invested in that Scheme.

The Investment Manager may change the above pattern in the interest of the investors depending on the market conditions and will endeavor to rebalance the portfolio in tune with the aforesaid asset allocation pattern within 1 month of deviation, if any.

Further, the Schemes may, pending deployment of funds invest in units of money market/liquid schemes of DSP BlackRock Mutual Fund and/or any other mutual fund. Such investments will be within the limits specified under SEBI (MF) Regulations. AMC shall not charge any investment management fees with respect to such investment.

Indicative Portfolio Allocation for DSPBRDAF – S1 – 24M

(This is a tentative disclosure, assuming that the first series that may be launched under the SID of the Schemes will be for a tenure of 24 month. The final disclosure, based on the tenure of the schemes shall be updated at the time of the launch of the respective schemes.)

	Credit rating (%) A1**	**Credit rating (%)** AAA*	**Credit rating (%)** AA*	**Not Applicable**
Certificate of Deposits (CD)				
Commercial Papers (CP)				
Non – Convertible Debentures/Bonds			80-85	
Securitized Debts				
Equity and equity related securities				15-20

* for long term debt instruments
**for short term debt instruments

Notes:

a. Securities with Rating AA will include AA+ and AA-. Similarly, securities with Rating A1 will include A+.

b. All investments shall be made based on rating prevalent at the time of investment. Further, in case of an instrument which has dual rating, the most conservative publicly available rating would be considered.

c. As might be permitted by SEBI under extant regulations/guidelines, the Scheme may also purchase Credit Default Swaps (CDS) from eligible Market Makers in accordance with and as specified under the RBI Guidelines for CDS. Such exposure shall be upto 50% of the net assets or as may be specified by SEBI in this regard.

d. The Schemes shall not invest in unrated instruments.

There would be no variation between the indicative portfolio and the final portfolio, subject to the following:

(i) The Investment Manager can deploy funds in higher rated securities within the same instrument category in case lower rated instruments/securities are not available or the Investment Manager is of the view that the risk-reward is not in the best interest of unit holders.

(ii) The order of risk-reward in instrument categories could be considered as CD being of lower risk compared to CP/NCDs. The Investment Manager can deploy funds in CDs (with highest rating category i.e. A1+) or CBLO or Treasury bill, in case NCDs/Bonds, are not available or the Investment Manager is of the view that the risk-reward is not in the best interest of unit holders.

(iii) After NFO and towards the maturity of the Scheme, the Investment Manager may deploy (upto 100 %) the funds in cash/cash equivalents/in units of money market/liquid schemes of DSP BlackRock Mutual Fund and/any other mutual Fund in terms of applicable regulations, for temporary period.

(iv) The Investment Manager can deploy funds in A1+ rated short term securities, provided that the issuer of the security has a long term rating in line with the asset allocation indicated in the above table. If the issuer does not have a long term rating from any of the rating agencies, then the AMC's internal view on the long term rating will be considered.

Further, in the event of any deviations below the minimum limits or beyond the maximum limits as specified in the above table and subject to the notes mentioned hereinabove, a review and rebalancing of the asset allocation will be called for by the Investment Manager within 30 days from the date of the said deviation. Such changes in the investment pattern will be for a short term and for defensive considerations and the intention being at all times to seek to protect the interests of the Unit Holders and may be caused due to reason such as non – availability of the appropriate assets as mentioned in the above asset allocation matrix or due to perceived weakness in the credit worthiness of the issuer of the assets which are held in the portfolio during the tenor of the Scheme.

D. WHERE WILL THE SCHEMES INVEST?

The Scheme will invest in debt and money market instruments. The Scheme will also invest in equity and equity related instruments. It retains the flexibility to invest across all the securities in the debt and money markets.

Debt securities and Money Market Instruments will include but will not be limited to:

- Debt obligations of the Government of India , state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supra-national financial institutions, corporate entities and trusts.
- Debt and Money Market securities and such other securities as may be permitted by SEBI and RBI from time to time.
- Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables
- Money market instruments including but not limited to, treasury bills, commercial paper of public sector undertakings and private sector corporate entities, reverse repurchase agreements, CBLOs (Collateralised Borrowing and Lending Obligation), certificates of deposit of scheduled commercial banks and development financial institutions, bills of exchange/promissory notes of public sector and private sector corporate entities (co accepted by banks), government securities with unexpired maturity of one year or less and other money market securities as may be permitted by SEBI/RBI Regulations.
- The debt securities could be listed, unlisted, privately placed including but, not restricted to, pass through certificates and strips.

- The non-convertible part of convertible securities.
- Any other like instrument as may be permitted by RBI/SEBI/ other regulatory authority, if any, from time to time.

The scheme may invest in equity securities, which include, but are not limited to:

- Equity shares being a security that represents ownership interest in a company.
- Equity Related Instruments, which are securities which give the holder of the security right to receive Equity Shares on pre agreed terms. It includes convertible/optionally convertible/compulsorily convertible debentures, convertible/optionally convertible/compulsorily convertible preference shares, share warrants and any other security which has equity component embedded in it.
- Equity Derivatives, which are financial instruments, generally traded on an exchange, the price of which is directly dependent upon (i.e., "derived from") the value of equity shares or equity indices. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property.

At the discretion of the Fund Manager, the Scheme may also make investments in ADR/ GDR and Foreign Securities in accordance with and upto the limits specified by RBI and SEBI from time to time, subject to all approvals vide SEBI circular no. SEBI/ IMD/ CIR No. 7/ 104753/ 07 dated September 26, 2007 and all applicable regulations/guidelines/directives/notifications, as may be stipulated by SEBI from time to time.

The Schemes may invest in other schemes managed by the AMC or in the schemes of any other Mutual Fund(s), provided such investment is in conformity to the investment objectives of the Schemes and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter-scheme investment made by all Schemes of the Mutual Fund or in the schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the Mutual Fund.

Credit Evaluation Policy

Credit Analysis at DSPBRIM is an independent function performed by the Risk & Quantitative Analysis (RQA) team. The RQA team sets up and monitors lending limits for each debt issuer. Issuer risk limits cover the quantum of exposure, maximum tenor and in some instances the type of instruments that can be purchased by the Investment Manager. An individual scheme's access to the issuer limit is dependent on its investment objectives, regulatory restrictions and assets under management. Risk limits for issuers are assigned and reviewed regularly at an internal Credit Committee meeting.

Credit evaluation process: The credit evaluation process includes a thorough analysis of the operating and financial strength of the issuer as well as management and industry risk evaluation. Typically, an interaction with the company management is also sought prior to setting up of issuer limits.

For structured obligations, in addition to the above, the evaluation also covers originator analysis, collateral analysis, structure analysis and embedded risk analysis.

Each credit proposal is discussed by an internal Credit Committee and a limit is assigned, if the issuer/structure is suitable.

Sectors in which the Schemes shall not invest

The AMC currently does not invest in debt issued by real estate companies.

Typically, the RQA team identifies sectors which are deemed vulnerable at any given point of time depending on the macro environment and avoids exposure to such sectors. Thus, sector restrictions may be temporary and may change in different environments.

Disclosures with respect to securitized debts:

- **How the risk profile of securitized debt fits into the risk appetite of the scheme**

  The primary investment objective of the Schemes is to generate returns and seek capital appreciation by investing in a portfolio of debt and money market securities. In line with the investment objective, securitized debt instruments having a high credit quality commensurate with other debt instruments in the portfolio and in line with internal fund manager guidelines will be considered for investment.

- **Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc**

  The parameters used to evaluate originators are

  - Track record
  - Willingness to pay, through credit enhancement facilities etc.

- Ability to pay
- Business risk assessment, wherein following factors are considered:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

In addition a detailed review and assessment of rating rationale is done including interactions with the originator as well as rating agency.

Critical Evaluation Parameters (for pool loan and single loan securitization transactions) regarding the originator / underlying issuer:

- Default track record/ frequent alteration of redemption conditions / covenants
- High leverage ratios of the ultimate borrower (for single-sell downs) – both on a standalone basis as well on a consolidated level/ group level
- Higher proportion of re-schedulement of underlying assets of the pool or loan, as the case may be
- Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
- Poor reputation in market
- Insufficient track record of servicing of the pool or the loan, as the case may be.

- **Risk mitigation strategies for investments with each kind of originator**

  Analysis of originator: An independent Risk and Quantitative Analysis (RQA) team analyses and evaluates each originator and sets up limits specifying both the maximum quantum and maximum tenor for investments and investments are considered only within these limits.

  Originator analysis typically encompasses:

  - Size and reach of the originator
  - Collection process, infrastructure and follow-up mechanism
  - Quality of MIS
  - Credit enhancement for different type of originator

- **The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments**

  Eligible assets: Only assets with an established track record of low delinquencies and high credit quality over several business cycles will be considered for investment.

  Analysis of pool: Characteristics such as average pool maturity (in months), average loan to value ratio, average seasoning of the pool, maximum single exposure, geographical distribution and average single exposure are studied to determine pool quality

  Risk mitigating measures: Credit enhancement facilities (including cash, guarantees, excess interest spread, subordinate tranches), liquidity facilities and payment structure are studied in relation to historical collection and default behavior of the asset class to ensure adequacy of credit enhancement in a stress scenario.

  Risk mitigation measures for less diversified investments: In case of single loan securitisation, the exposure of the obligor will be added to any other exposure of the obligor while computing single and group level exposure, which are strictly adhered as per the regulatory and internal guidelines.

  Framework that is applied while evaluating investment decision relating to a pool securitization transaction:

Characteristics/ Type of Pool	**Mortgage Loan**	**Commercial Vehicle and Construction Equipment**	**CAR**	**2 wheelers**	**Single Sell Downs**	**Others**
Approximate Average maturity (in Months)	In line with average maturity of mortgage loans as per industry norms. Typically less than	In line with average maturity of Commercial Vehicle and Construction Equipment loans as per industry norms. Typically less than 4 years.	In line with average maturity of car loans as per industry norms. Typically less than 4 years.	In line with average maturity of two-wheeler loans as per industry norms. Typically less than 4 years.	In line with average maturity of corporate loans as per industry norms.	In line with average maturity of the asset class as per industry norms.

Characteristics/ Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Single Sell Downs	Others
	10 years.					
Collateral margin (including cash ,guarantees, excess interest spread , subordinate tranche)	The collateral margin will be adequate for the pool to achieve a rating in the high safety category at the time of initial rating. The collateral margin will ensure at least a 3 times cover over historical losses observed in the asset class.	The collateral margin will be adequate for the pool to achieve a rating in the high safety category at the time of initial rating. The collateral margin will ensure at least a 3 times cover over historical losses observed in the asset class.	The collateral margin will be adequate for the pool to achieve a rating in the high safety category at the time of initial rating. The collateral margin will ensure at least a 3 times cover over historical losses observed in the asset class.	The collateral margin will be adequate for the pool to achieve a rating in the high safety category at the time of initial rating. The collateral margin will ensure at least a 3 times cover over historical losses observed in the asset class.	The collateral margin will be adequate for the pool to achieve a rating in the high safety category at the time of initial rating. The collateral margin will ensure at least a 3 times cover over historical losses observed in the asset class.	The collateral margin will be adequate for the pool to achieve a rating in the high safety category at the time of initial rating. The collateral margin will ensure at least a 3 times cover over historical losses observed in the asset class.
Average Loan to Value Ratio	In line with average Loan to Value ratio of mortgage loans as per industry norms. Typically less than 80 per cent.	In line with average Loan to Value ratio of Commercial Vehicle and Construction Equipment loans as per industry norms. Typically less than 85 per cent.	In line with average Loan to Value ratio of car loans as per industry norms. Typically less than 85 per cent.	In line with average Loan to Value ratio of two-wheeler loans as per industry norms. Typically less than 85 per cent.	Not applicable	In line with average Loan to Value ratio of the asset class loans as per industry norms.
Average seasoning of the Pool	In line with industry norms and guidelines laid down by RBI/SEBI from time to time. Typically, more than 3 months	In line with industry norms and guidelines laid down by RBI/SEBI from time to time. Typically, more than 2 months	In line with industry norms and guidelines laid down by RBI/SEBI from time to time. Typically, more than 2 months	In line with industry norms and guidelines laid down by RBI/SEBI from time to time. Typically, more than 2 months	In line with industry norms and guidelines laid down by RBI/SEBI from time to time.	In line with industry norms and guidelines laid down by RBI/SEBI from time to time.
Maximum single exposure range	Not more than 10%	Not more than 10%	Not more than 10%	Not more than 10%	Not applicable	Not more than 10%

Characteristics/ Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Single Sell Downs	Others
Average single exposure range %	Not more than 10%	Not more than 10%	Not more than 10%	Not more than 10%	Not applicable	Not more than 10%

- **Minimum retention period of the debt by originator prior to securitization**

  We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

- **Minimum retention percentage by originator of debts to be securitized**

  We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

- **The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund**

  The AMC has an independent RQA team which is distinct from the Sales function and the Investments function and has a separate reporting and appraisal structure designed to avoid conflict of interest. Investments can be initiated by the fund managers only after the RQA team has assigned limits for the originator. The originator wise limits specify both the maximum quantum and maximum tenor for investments.

- **The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt**

  The AMC has a rigorous risk management process for all fixed income investments, which also encompasses securitized debt. A dedicated RQA team is responsible for monitoring risks including credit and liquidity risk. The functions of the RQA team include:

  - Detailed credit analysis of issuers: based on the management evaluation, operating strength and financial strength to determine suitability for investment. Periodic reviews on a quarterly/annual basis are undertaken for eligible issuers. Ratings are monitored on a daily basis and any changes are immediately recorded and suitable action taken.
  - Internal guidelines are prescribed and monitored by the RQA team to ensure adherence to single and group level exposure norms, minimum rating requirements, liquidity requirements, and ensure that only eligible securities are included in the fund, in line with the scheme information document/internal templates.

  For securitized debt instruments involving single loan exposures, a detailed analysis of the obligor is undertaken. Only eligible obligors having limits assigned by the RQA team as per the process outlined above are considered for investment by the fund. Issuer wise and group wise limits include exposures to securitized single loan exposures. In addition, the transaction documents for the payment structure and collateral if any, is vetted by the legal and compliance team.

  For securitized pool loan exposures, the analysis includes pool seasoning, pool asset quality, diversification, collateral margin, originator analysis and credit enhancement mechanisms. Pool performance statistics published by rating agencies are analyzed for performance of other securitised pools of the same originator as well as for the performance of the asset class as a whole. Regular interactions with the rating agencies are done to discuss performance trends. Documents are vetted by the legal and compliance team. In addition, monthly payout reports from the trustees are analysed for collection performance and adequacy of cash collateral.

Overview of Debt Market in India

The Indian bond market comprises mainly of Government securities; bonds issued by Public Sector Undertakings (PSU), Development Financial Institutions (DFI) and Infrastructure–related agencies; debentures and money market instruments issued by corporate sectors and banks. The Government of India routinely issues Government securities and Treasury bills for liquidity and fiscal management. While the Government issues Treasury bills for 91 days, 182 days and 364 days in a discounted form, coupon-bearing Government securities are issued for maturity ranging from 1 year to as high as 30 years. Both Treasury bills and coupon-bearing securities are auctioned by the RBI on behalf of the Government of India. The Indian bond market has also witnessed increased issuance of bonds from Government-sponsored institutions, DFIs, and infrastructure-related agencies since 1995. These bonds are rated by credit rating agencies like CRISIL, ICRA, CARE and FITCH. They are widely held by market participants because of their liquidity and reduced risk perception due to the government stake in some of them.

The Indian corporate sector has also been frequently raising capital through issuance of non-convertible debentures and commercial papers. Most of the money is raised through the "Private placement" route. These debentures are mostly rated by rating agencies. While some of them trade very actively, most of them are not very liquid. Because of this, they normally trade at a marginally higher yield than bonds issued by PSU and other government-sponsored agencies.

E. WHAT ARE THE INVESTMENT STRATEGIES?

The schemes would invest both in equities and fixed income instruments. Within equities and fixed income, the portfolio would be actively managed to optimize returns within the respective asset class.

Fixed income strategy

The Investment Manager will invest only in those debt securities that are rated investment grade by a domestic credit rating agency authorised to carry out such activity, such as CRISIL, ICRA, CARE etc. or in unrated debt securities, which the Investment Manager believes to be of equivalent quality. Where investment in unrated debt securities is sought to be made, specific approval of the Board of Directors of the AMC and Trustee shall be obtained prior to the investment. In-house research by the Investment Manager will emphasize on credit analysis, in order to determine credit risk.

Equity strategy

The Investment Manager prefers adopting a top-down approach with regard to investment in equity and equity related securities. This approach encompasses an evaluation of key economic trends, an analysis of various sectors in the economy leading to an outlook on their future prospects and a diligent study of various investment opportunities within the favoured sectors. In picking out individual investment opportunities for the portfolio, the Investment Manager will seek both value and growth. Value is discerned when the Investment Manager believes that the inherent worth or long-term growth potential of a company is not fully reflected in the share price of the company. Growth stocks, as the term suggests, are those stocks that are currently in the growth phase. Such growth in earnings could be due to a new product, a new process, growing market share, stronger brand equity, technological breakthrough and unique or predominant position in a market, among other factors.

The Investment Manager will conduct in-house research in order to identify value and growth stocks. The analysis will focus, among other things, on the historical and current financial condition of the company, capital structure, business prospects, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research and technological know-how and transparency in corporate governance. The quality or strength or management would be a key focus area.

Hedging Policies in Connection with Trading in Derivatives

SEBI has permitted mutual funds to participate in derivatives trading, subject to the observance of guidelines issued by SEBI. Pursuant to this, the mutual funds may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest. The Mutual Fund has to comply with the prescribed disclosure requirements.

The Mutual Fund may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements, stock future or other derivative instruments for the purpose of hedging and portfolio balancing or for its efficient management. Derivative instruments may take form of stock Index futures, options on Indices, Interest rate swaps, Forward rate agreements and such other derivative instruments as may be available from time to time and appropriate for the portfolio.

Advantages of Trading in Derivatives

Advantages of derivatives are many. The use of derivatives provides flexibility to the Schemes to hedge whole or part of the portfolio. The following section describes some of the more common derivatives transactions along with their benefits:

Derivatives are financial contracts of pre-determined fixed duration, whose values are derived from the value of an underlying primary financial instrument, commodity or index, such as interest rates, exchange rates, commodities, and equities.

1. Futures

A futures contract is a standardized contract between two parties where one of the parties commits to sell, and the other to buy, a stipulated quantity of a security at an agreed price on or before a given date in future.

Currently, futures contracts have a maximum expiration cycle of 3 months. Three contracts are available for trading, with 1 month, 2 months and 3 months expiry respectively. A new contract is introduced on the next trading day following the expiry of the relevant monthly contract. Futures contracts typically expire on the last Thursday of the month. For example a contract with the June 2011 expiration expires on the last Thursday of June 2011(June 30, 2011).

Basic Structure of an Index Future

The Stock Index futures are instruments designed to give exposure to the equity markets indices. The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE) have trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and short term interest rates. Index futures are cash settled, there is no delivery of the underlying stocks.

Example using hypothetical figures:

1 month S&P CNX NIFTY Future

If the Scheme buys 1,000 futures contracts, each contract value is 100 times the futures index price.

Purchase Date	:	June 09, 2011
Spot Index	:	4200.00
Future Price	:	4210.00
Date of Expiry	:	June 30, 2011
Margin	:	10%

Assuming the exchange imposes a total margin of 10%, the Investment Manager will be required to provide a total margin of approx. Rs. 42,100,000 (i.e. 10%*4210*1000*100) through eligible securities and cash.

Assuming on the date of expiry, i.e. June 30, 2011, S&P CNX Nifty Index closes at 4225, the net impact will be a profit of

Rs. 1,500,000 for the Scheme, i.e. (4225-4210) * 1000 * 100 Futures price = Closing spot price = Rs. 4225.00.

Profits for the Scheme = (4225-4210) * 1000*100 = Rs. 1,500,000.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity.

The net impact for the Scheme will be in terms of the difference of the closing price of the index and cost price. Thus, it is clear from the above example that the profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

Basic Structure of a Stock Future

A futures contract on a stock gives its owner the right and obligation to buy or sell stocks. Single Stock Futures traded on NSE (National Stock Exchange) are cash settled; there is no delivery of the underlying stocks on the expiration date. A purchase or sale of futures on a security gives the trader essentially the same price exposure as a purchase or sale of the security itself. In this regard, trading stock futures is no different from trading the security itself.

Example using hypothetical figures:

The Scheme holds shares of XYZ Ltd., the current price of which is Rs. 500 per share. The Scheme sells one month futures on the shares of XYZ Ltd. at the rate of Rs. 540. If the price of the stock falls, the Mutual Fund will suffer losses on the stock position held. However, in such a scenario, there will be a profit on the short futures position.

At the end of the period, the price of the stock falls to Rs. 450 and this fall in the price of the stock results in a fall in the price of futures to Rs. 470. There will be a loss of Rs. 50 per share (Rs. 500 – Rs. 450) on the holding of the stock, which will be offset by the profits of Rs. 70 (Rs. 540 – Rs. 470) made on the short futures position.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins and other related costs have been ignored. The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

2. Options

An option gives a person the right but not an obligation to buy or sell something. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium) and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

An option contract may be of two kinds:

1) Call option

An option that provides the buyer the right to buy is a call option. The buyer of the call option can call upon the seller of the option and buy from him the underlying asset at the agreed price. The seller of the option has to fulfill the obligation upon exercise of the option.

2) Put option

The right to sell is called a put option. Here, the buyer of the option can exercise his right to sell the underlying asset to the seller of the option at the agreed price.

Option contracts are classified into two styles:

(a) European Style

In a European option, the holder of the option can only exercise his right on the date of expiration only.

(b) American Style

In an American option, the holder can exercise his right anytime between the purchase date and the expiration date.

Basic Structure of an Equity Option

In India, options contracts on indices are European style and cash settled whereas, option contracts on individual securities are American style and cash settled.

Example using hypothetical figures:

Market type	: N
Instrument Type	: OPTSTK
Underlying	: XYZ Ltd. (XYZ)
Purchase date	: June 09, 2011
Expiry date	: June 30, 2011
Option Type	: Put Option (Purchased)
Strike Price	: Rs. 5,750.00
Spot Price	: Rs. 5,800.00
Premium	: Rs. 200.00
Lot Size	: 100
No. of Contracts	: 50

Say, the Mutual Fund purchases on June 09, 2011, 1 month Put Options on XYZ Ltd. (XYZ) on the NSE i.e. put options on 5000 shares (50 contracts of 100 shares each) of XYZ.

As these are American style options, they can be exercised on or before the exercise date i.e. June 30, 2011. If the share price of XYZ Ltd. falls to Rs. 5,500/- on June 20, 2011, and the Investment Manager decides to exercise the option, the net impact will be as Follows:

Premium Expense = Rs. 200 * 50 * 100	= Rs. 10,00,000/-
Option Exercised at	= Rs. 5,500/-
Profits for the Mutual Fund	= (5,750.00 – 5,500.00) * 50 * 100 = Rs. 12,50,000/-
Net Profit	= Rs. 12,50,000 – Rs. 10,00,000 = Rs. 2,50,000/-

In the above example, the Investment Manager hedged the market risk on 5000 shares of XYZ Ltd. by purchasing put options.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins have been ignored. The purchase of Put Options does not increase the maket risk in the Mutual Fund as the risk is already in the Mutual Fund's portfolio on account of the underlying asset position (in his example shares of XYZ Ltd.). The Premium paid for the option is treated as an expense and added to the holding cost of the relevant security. Additional risks could be on account of illiquidity and potential mis-pricing of the options.

3. Interest Rate Swap (IRS)

Any swap is effectively an exchange of one set of cash-flows for another considered to be of equal value. If the exchange of cash flows is linked to interest rates, it becomes an interest rate swap.

An interest rate swap is an agreement between two parties to exchange future payment streams based on a notional amount. Only the interest on the notional amount is swapped, and the principal amount is never exchanged.

In a typical interest rate swap, one party agrees to pay a fixed rate over the term of the agreement and to receive a variable or floating rate of interest. The counterparty receives a stream of fixed rate payments at regular intervals as described in the agreement and pays the floating rate of interest. A fixed / floating interest rate swap is characterized by:

1. Fixed interest rate;
2. Variable or floating interest rate, which is periodically reset;
3. Notional principal amount upon which total interest payments are based; and
4. The terms of the agreement, including a schedule of interest rate reset dates, payment dates and termination date.

The primary reason for engaging in an interest rate swap is to hedge the interest rate exposure. An illustration could be an institution having long-term fixed rate assets (longer tenor securities receiving fixed rate) in a rising interest rate environment; it can hedge the interest rate exposure by purchasing an interest rate swap where the institution receives floating interest rate and pays fixed rate. In this case, an interest rate swap is likely to reduce the duration and interest rate volatility of the fund.

Example:

```
                 Fixed rate payments                     Fixed rate payments
FIXED-RATE PAYER---------------------------->MARKET MAKER-------------------------------->FLOATING-RATE PAYER
                 <-----------------------                <-----------------------
                        NSE MIBOR                               NSE MIBOR
```

Terms:

Fixed Interest Rate	: 5.50 % p.a.
Variable Interest Rate	: NSE Over-Night MIBOR reset daily and compounded daily
Notional Principal Amount	: Rs. 100 Crore
Period of Agreement	: 5 years
Payment Frequency	: Semi-annual

Now, suppose the six-month period from the effective date of the swap to the first payment date comprises 182 days and the daily compounded NSE Over-Night MIBOR is 4.50% p.a. on the first payment date, then the fixed and variable rate payments on the first payment date would be as follows:

Fixed rate payment:

Rs. 2,74,24,658 = (Rs. 100,00,00,000) x (5.50%) x (182 Days / 365 Days)

Variable rate payment:

Rs. 2,51,80,822 = (Rs. 100,00,00,000) x (4.50 %) x (182 Days / 365 Days)

Often, a swap agreement calls for only the exchange of net amount between the counterparties. In the above example, the fixed-rate payer will pay the variable-rate payer a net amount of Rs. 22,43,836 = Rs. 2,74,24,658 - Rs. 2,51,80,822

The second and final payment will depend on the daily NSE MIBOR compounded daily for the remaining 183 days. The fixed rate payment will also change to reflect the change in holding period from 182 days to 183 days.

4. Forward Rate Agreement (FRA)

An FRA is an off balance sheet agreement to pay or receive, on an agreed future date, the difference between an agreed interest rate and the interest rate actually prevailing on that future date, calculated on an agreed notional principal amount. It is settled against the actual interest rate prevailing at the beginning of the period to which it relates rather than paid as a gross amount.

An FRA is referred to by the beginning and end dates of the period covered. Thus a 5x8 FRA is one that covers a 3-month period beginning in 5-months and ending in 8-months. FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA.

An illustration could be a corporation having floating rate debt linked to an index such as, say, 3-Month MIBOR. If the existing interest cost is at 5% on Rs.100 Crores for the next three months, the corporation can purchase a 3x6 FRA @ 5.1% on Rs.100 Crores and fix the interest cost for the 3-6 months period. If the actual 3-Month MIBOR after 3-months is at 5.25%, the corporation has saved 15 bps in interest cost. As the settlement is done at the beginning of the period, the savings in interest expense are discounted to a present value using a 3-month rate to calculate the actual settlement amount.

The flows for the institution will be, as follows:

Interest Savings = Rs. 100 Crores * 15 bps * 92/365

(assuming 92 days in the 3 month FRA period and 365 days in the conventional year)

= Rs.3,78,082.19

Settlement Amount = Rs.3, 78,082.19/ (1+5.25%*92/365)

Exposure Limits:

With respect to investments made in derivative instruments, the Schemes shall comply with the following exposure limits in line with SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010:

The cumulative gross exposure through equity, debt and derivative positions will not exceed 100% of the net assets of the respective Scheme. However, the following shall not be considered while calculating the gross exposure:

a. Security-wise hedged position and
b. Exposure in cash or cash equivalents with residual maturity of less than 91 days

2. The total exposure related to option premium must not exceed 20% of the net assets of the Scheme.

3. The Mutual Fund shall not write options or purchase instruments with embedded written options.

4. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:

a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.

b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.

c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.

d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

5. The Mutual Fund may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

6. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.

7. Definition of Exposure in case of Derivative Positions:

Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	**Exposure**
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option Bought	Option Premium Paid * Lot Size * Number of Contracts

F. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Schemes, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of Scheme

- Close ended
- Income Scheme
- Listed on the Stock Exchange

(ii) Investment Objective

- Main Objective – Income and capital appreciation.
- Investment pattern - The tentative Debt/Money Market portfolio break-up with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

(iii) Terms of Issue

- Liquidity provisions: Listing - The Units of the Schemes are proposed to be listed on the BSE or any other recognized Stock Exchange(s) in India, as may be approved by the Trustee. For details, please refer provision on 'Listing'.
- Aggregate fees and expenses charged to the Scheme.
- Any safety net or guarantee provided.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme(s) and the Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and Option(s) thereunder and affect the interests of Unit Holders is carried out unless:

- A written communication about the proposed change is sent to each Unit Holder 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 Unit Holders 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 SCHEMES BENCHMARK THEIR PERFORMANCE?

CRISIL Blended MIP Index.

The composition of the aforesaid benchmarks is such that they are most suited for comparing performance of the respective Schemes. The Trustee may change the benchmark for any of the Schemes in future, if a benchmark better suited to the investment objective of that Scheme is available at such time.

H. WHO WILL MANAGE THE SCHEME?

Fund Manager	Qualifications	Brief Experience	Other schemes managed
Dhawal Dalal	B.E, MBA	Over 14 years of experience in Fixed Income Fund Management, Research and Trading – details as under: From January 2006 to present: DSPBRIM – Sr. Vice President; From May 1998 to December 2005: DSPBRIM – Joined as Asst. Vice President for the fixed income products and currently the Fund Manager and Head of Fixed Income schemes. From August 1996 to April –1998 – Merrill Lynch Investment Managers – Assistant Portfolio Manager – Assisted Portfolio Managers in managing Money Market Mutual Funds and Private Client Portfolios.	DSP BlackRock Bond Fund, DSP BlackRock Government Securities Fund, DSP BlackRock Treasury Bill Fund, DSP BlackRock Liquidity Fund, DSP BlackRock Floating Rate Fund, DSP BlackRock Strategic Bond Fund, DSP BlackRock Money Manager Fund, DSP BlackRock Short Term Fund and all Fixed Maturity Plans of the Mutual Fund.

Apoorva Shah	B.Com., PGDM (IIM Ahmedabad)	Over 23 years of experience in Banking and Investment. Details are as under: From Jan 09 to present – EVP, Investments – DSPBRIM From April 2006 to present - SVP, Investments – DSPBRIM From 1998 to March 2006 - Port folio Advisor and Head of Products, GPC India, DSP Merrill Lynch Ltd From 1991 to 1998 - Institutional Equity Sales at DSP Merrill Lynch Ltd	DSP BlackRock Equity Fund, DSP BlackRock Top 100 Equity Fund, DSP BlackRock Balanced Fund, DSP BlackRock Technology.com Fund, DSP BlackRock Focus 25 Fund, DSP BlackRock Micro Cap Fund and DSP BlackRock Small and Mid Cap Fund and a co-Fund Manager for DSP BlackRock MIP Fund.

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the Schemes at the time of making investments. However, all investments by the Schemes will be made in accordance with the Investment Objective and Investment Pattern described earlier, as well as the SEBI (MF) Regulations, including Schedule VII thereof, as amended from time to time.

1. a. The Schemes shall not invest more than 15% of their NAV in debt instruments issued by a single issuer rated not below investment grade by a credit rating agency authorized to carry out such activity under the Securities and Exchange Board of India Act, 1992 and this limit may be extended to 20% of the NAV of the Schemes, subject to prior approval of the Boards of the AMC and the Trustee. All such investments shall be subject to the prior approval of the Boards of the AMC and the Trustee.

   The aforementioned limits shall not be applicable for investment in Government securities.

   b. The Schemes shall not invest more than 10% of their NAV in unrated debt instruments issued by a single issuer and such total investments shall not exceed 25% of the NAV of the Schemes. All such investments shall be subject to the prior approval of the Boards of the AMC and the Trustee.

   c. The Schemes shall not invest more than 30% of their NAV in money market instruments of an issuer. Such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.

2. The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.

3. Transfer of investments from one Scheme to another Scheme in the Mutual Fund shall be allowed only if:

   a. such transfer is done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a stock exchange for spot transactions); and transfer of unquoted securities will be made as per the policy laid down by the Trustee from time to time; and

   b. the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

4. The Schemes may invest in another scheme (except fund of funds Schemes) under the AMC or any other mutual fund without charging any fees, provided that the aggregate inter-scheme investment made by all Schemes under the same management or in Schemes under the management of any other asset management company shall not exceed 5% of the Net Asset Value of the Mutual Fund. However, the aforesaid provision shall not apply to fund of funds Schemes.

5. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

   Provided that the Mutual Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.

   Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

   Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.

6. The Mutual Fund shall get the securities purchased/transferred in the name of the Mutual Fund on account of the Schemes, wherever the instruments are intended to be of a long term nature.

7. Pending deployment of funds of the Schemes in terms of the investment objective of the Schemes, the Mutual Fund may invest them in short term deposits of scheduled commercial banks, subject to the following conditions:

   a. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.

   b. Such short-term deposits shall be held in the name of Scheme.

   c. The Schemes shall not park more than 15% of their net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.

   d. The Schemes shall not park more than 10% of their net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.

   e. The Trustee shall ensure that the funds of the Schemes are not parked in the short term deposits of a bank which has invested in the Schemes.

   The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market.

8. The Schemes shall not make any investment in:

   a) any unlisted security of any associate or group company of the Sponsors; or

   b) any security issued by way of private placement by an associate or group company of the Sponsors; or

   c) the listed securities of group companies of the Sponsors, which is in excess of 25% of the net assets.

9. Save as otherwise expressly provided under SEBI (MF) Regulations, the Mutual Mund shall not advance any loans for any purpose. and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Schemes for the purpose of payment of interest or dividends to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each of the Schemes and the duration of such borrowing shall not exceed a period of six months.

10. The Schemes shall not invest more than 10% of their NAV in the equity shares/equity related instruments of any company or listed securities or units of venture capital funds. Provided that the limit of 10% shall not be applicable for investments in the case of index fund or sector or industry specific scheme.

11. The Schemes, shall not invest more than 5% of their NAV in the unlisted equity shares/equity related instruments or unlisted securities or units of venture capital funds.

12. If any company invests more than 5 percent of the NAV of any of the Schemes, investment made by that or any other Scheme of the Mutual Fund in that company or its subsidiaries will be disclosed in accordance with the SEBI (MF) Regulations.

13. The Mutual Fund may enter into short selling transactions and may lend and borrow securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.

14. The Schemes will comply with any other Regulation applicable to the investments of mutual funds from time to time.

These investment limitations/parameters as expressed (linked to the Net Asset/Net Asset Value/capital) shall, in the ordinary course, apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any Scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Mutual Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, the AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unit Holders.

Apart from the Investment Restrictions prescribed under the SEBI (MF) Regulations, there are internal risk parameters for limiting exposure to a particular security, country or sector. Such parameters are prescribed from time to time to respond to the dynamic market conditions and market opportunities.

The Trustee /AMC may alter the above stated limitations from time to time, and also to the extent the SEBI (MF) Regulations change, so as to permit the Schemes to make their investments in the full spectrum of permitted investments in order to achieve their investment objective.

J. HOW HAVE THE SCHEMES PERFORMED?

This is a new Scheme being launched and hence, there is no performance track record.

Investors are informed that the Mutual Fund/AMC and its empanelled brokers have not given and shall not give any indicative portfolio and indicative yield in any communication, in any manner whatsoever. Investors are advised not to rely on any communication regarding indicative yield/ portfolio with regard to the Schemes.

SECTION VI. UNITS AND OFFER

This section provides details an investor needs to know for investing in the Scheme.

A. NEW FUND OFFER (NFO)

New Fund Offer Period (This is the period during which a new scheme sells its units to the investors.)	NFO for: DSPBRDAF – Series 1 (_____M) , opens on: ______, 2011 and closes on: _______, 2011 The NFO period of the DSPBRDAF - Series 2 to 10 will commence at any time within six months from _________, 2011 and information on the NFO period of the Schemes will be communicated by an addendum to this SID and a notice advertisement in two newspapers, which will also be displayed at the Investor Service Centers. **Extension or Termination of NFO Period** The Trustee reserves the right to extend the closing date of the NFO period, subject to the condition that the subscription list shall not be kept open for more than 15 days or close the subscription list earlier by giving at least one day prior notice in one daily newspaper.
NFO Price (This is the price per unit that the investors have to pay to invest during the NFO.)	The corpus of the Schemes will be divided into Units having an initial value of Rs. 10/- each. The Units can be purchased at this price during the NFO period of each Scheme.
Minimum Amount for Application in the NFO	Rs. 5,000/- and in multiples of Re. 1/- thereafter.
Minimum Target amount (This is the minimum amount required to operate each Scheme and if this is not collected during the NFO period, all investors would be refunded the amount invested without any return. However, if the AMC fails to refund the amount within 5 business days from the closure of the NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of fifth business day from the date of closure of the subscription period.)	The Mutual Fund seeks to collect a minimum subscription amount of Rs. 25 crore in each of the Schemes during the NFO period. In the event this amount is not raised during the NFO period, the amount collected under the Schemes will be refunded to the applicants as mentioned in the section, **'Refund'.**
Maximum Amount to be raised (This is the maximum amount which can be collected during the NFO period, as decided by the AMC.)	There is no maximum subscription amount for the Schemes to be raised and therefore, subject to the applications being in accordance with the terms of this offer, full allotment will be made to the applicants. However, the Trustee/AMC retains the sole and absolute discretion to reject any application.
Options offered under each Scheme	**Option A – Growth** The Mutual Fund will not declare any dividends under this option. The income earned under this Option will remain invested in the option and will be reflected in the NAV. This option is suitable for investors who are not looking for current income but who have invested with the intention of capital appreciation. Moreover, if Units under this option are held as capital asset for a period of at least one year from the date of acquisition, Unit Holders will get the benefit of long term capital gains tax. **Option B – Dividend Payout** This option is suited for investors seeking income through dividend declared. Dividends will be paid, net of taxes, as may be applicable to those Unit holders whose names appear in the register of Unit holders on the record date. In case of Units held in demat mode, the Depositories (NSDL/CDSL) will give the list of demat account holders and the number of Units held by them in electronic form on the Record date to the Registrar of the Mutual Fund. Investors should indicate the Option, wherever applicable, for which the

	subscription is made, by indicating the choice in the appropriate box provided for this purpose in the Application Form. In case of valid applications received without indicating any choice of Option, it will be considered as Option for Growth and processed accordingly. All Units will rank pari passu, among Units within the same Option in each Scheme, as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustee.
Dividend Policy	The Trustee intends to declare dividends comprising substantially of net income and net capital gains. It should be noted that the actual distribution of dividends and frequency of distribution will be entirely at the discretion of the Trustee. To the extent the entire net income and realised gains are not distributed, it will remain invested in the Option and reflected in the NAV. **Effect of Dividend**: Post declaration of dividend, the NAV of the Units under the Dividend Payout Option (Option B) will stand reduced by the amount of dividend declared and applicable dividend distribution tax/surcharge/cess/any other statutory levy.
Dematerialisation	The Unit holders are given an option to hold the Units by way of an account statement (physical form) or in dematerialized form (Demat). Unit holders opting to hold the Units in demat form must provide their Demat account details in the specified section of the application form. Unit holders intending to hold the Units in Demat form are required to have a beneficiary account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to indicate in the application form, the DP's name, DP ID number and the beneficiary account number of the Unit holder with the DP. The Units of the Schemes will be traded compulsorily in dematerialized form. In case Unit holders do not provide their Demat account details or provide incomplete details or the details do not match with the records as per Depository(ies), an account statement shall be sent to them. Such investors will not be able to trade on the stock exchange till the holdings are converted in to Demat form. Unit holder who so desires to hold the Units in demat form at a later date, will be required to have a beneficiary account with a DP of NSDL/CDSL and will have to submit the account statement alongwith a request form asking for the conversion into demat form. This request is called a Demat Request Form (DRF). Unit holder will be required to fill in a DRF in triplicate alongwith the relevant details and submit the same to the Registrar alongwith the account statement to be dematerialized. The sequence of names in the account statement must be same as that in the demat account. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time.
Allotment	• **Allotment:** Allotment will be completed after due reconciliation of receipt of funds for all valid applications within 5 Business Days from the closure of the NFO period. Allotment to NRIs/FIIs will be subject to RBI approval, if required. Subject to the SEBI (MF) Regulations, the Trustee may reject any application received in case the application is found invalid/incomplete or for any other reason in the Trustee's sole discretion. For investors who have given demat account details, the Units will be credited to the investor's demat account after due verification and confirmation from NSDL/CDSL of the demat account details. As the Stock Exchange(s) do not allow trading of fractional units, Units will be allotted only in integers by rounding off the Units allotted to the lower integer and the balance amount will be refunded to the investor. • Allotment information stating the number of Units allotted will be sent to each Unit Holder who has not provided his demat account details in the application form for subscription during the NFO not later than 5 Business Days from the close of the NFO period of the respective Schemes. • For investors who have given demat account details at the time of NFO, the Units issued by the AMC shall be credited by the Registrar to the investors'

	beneficiary account with the DP as per information provided in the application form and information of allotment will be accordingly sent by the Registrar. • Normally no Unit certificates will be issued. However, if the applicant so desires, the AMC shall issue a non-transferable Unit certificate to the applicant within 5 working days of the receipt of request for the certificate. • The Mutual Fund reserves the right to recover from an investor any loss caused to the Schemes on account of dishonour of cheques issued by him/her/it for purchase of Units.
Maturity	• The Schemes shall be fully redeemed/wound up at the end of the Term, i.e. on the Maturity Date. • No redemption/repurchase of units shall be allowed prior to the maturity of the Schemes. However, for Units held in electronic/demat form, investors wishing to exit may do so through the stock exchange mode. • For the Units held in electronic form, at maturity, the Units will be extinguished with the Depository and the redemption amount will be paid to the Unit Holders at the applicable NAV of that date. • The maturity proceeds will be paid to the investors whose names appear in the Register of Unit holders on the respective date of maturity of the Schemes within 10 working days from the date of Maturity. • However, the Schemes may be wound up at any time prior to the Maturity Date under the following circumstances: 1) On the happening of any event, which, in the opinion of the Trustee, requires that the Scheme concerned be wound up; 2) If seventy five per cent of the Unit Holders of the Scheme concerned pass a resolution that the Scheme be wound up; 3) If SEBI so directs in the interest of the Unit Holders.
Refund	• If the Schemes fail to collect the minimum subscription amount of Rs. 10 Crore each, the Mutual Fund shall be liable to refund the money to the applicants. • Refund of subscription money to applicants whose applications are invalid for any reason whatsoever, will commence immediately after the closure of the NFO. • Refunds will be completed within 5 Business Days from the closure of the New Fund Offer Period. If the Mutual Fund refunds the amount after 5 Business Days, interest as specified by SEBI (currently, 15% per annum) shall be paid by the AMC. Refund orders will be marked "A/c. Payee only" and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. All refund cheques will be mailed by Registered Post or as per the applicable Rules. As per the directives issued by SEBI, it is mandatory for Applicants to mention their bank account numbers in their applications for purchase of Units.
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.)	The following persons (subject to, wherever relevant, purchase of units of mutual funds, being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Schemes: • Resident Adult Individuals either singly or jointly (not exceeding three) • Minors through parent/legal guardian • Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions) • Religious, Charitable and Private Trusts, under the provisions of 11(5) of Income Tax Act, 1961 read with Rule 17C of Income Tax Rules, 1962 (subject to receipt of necessary approvals as "Public Securities", where required) • Trustee of private trusts authorised to invest in mutual fund Schemes under the Trust Deed • Partnership Firms • Karta of Hindu Undivided Family (HUF) • Banks (including Co-operative Banks and Regional Rural Banks) and Financial

	Institutions • NRIs/Persons of Indian Origin residing abroad on full repatriation basis (subject to RBI approval, if any) or on non-repatriation basis • Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval, if any) • Army, Air Force, Navy and other para-military funds • Scientific and Industrial Research Organisations • International Multilateral Agencies approved by the Government of India • Non-Government Provident/Pension/Gratuity funds as and when permitted to invest • Others who are permitted to invest in the Schemes as per their respective constitutions • The scheme of the Mutual Fund, subject to the conditions and limits prescribed in SEBI (MF) Regulations and/or by the Trustee, AMC or Sponsors (The AMC shall not charge any fees on such investments). • The AMC (No fees shall be charged on such investments).
Where can you submit filled up applications for purchase?	Applications can be submitted at any of the official points of acceptance of transactions, the addresses of which are given at the end of this SID. Investors can log on to www.camsonline.com for details of various offices/ISCs of Registrar. ASBA applications can be submitted only at Self Certified Syndicate Bank (SCSB) at their designated branches. List of SCSBs and their designated branches shall be displayed on the SEBI's website (www.sebi.gov.in).
How to Apply?	• Please refer to the SAI and application form for instructions. • Investors intending to trade in Units of the Schemes, will be required to provide demat account details in the application form, as mentioned under 'Dematerialisation'. • Investors intending to apply through ASBA will be required to submit ASBA form to their respective banks, which in turn will block the amount in their account as per authority contained in the ASBA form. ASBA form should not be submitted at location other than SCSB as it will not be processed. **For details on ASBA process please refer the ASBA application form.**
Special facilities available during the NFO	**Switching** During the NFO period (switch request will be accepted upto 3.00 p.m. on the last day of the NFO), the Unit holders will be able to invest into the NFO of the Schemes by switching part or all of their Unit holdings held in the existing schemes of the Mutual Fund. A switch has the effect of redemption from one scheme/plan/option and a purchase in the other scheme/plan/option to which the switching has been done. The price at which the units will be switched-out will be based on the redemption price of the scheme from which switch-out is done and the proceeds will be invested into the Scheme at the NFO Price. As the Stock Exchanges(s) do not allow trading in fractional units, a switch request must be compulsorily made by specifying the amount in multiples of Re. 1/-. In case of ambiguity, or where switch request has been made specifying the number of Units, the request will not be processed. **Applications Supported by Blocked Amount (ASBA) facility** ASBA facility will be provided to the investors subscribing to NFO of the Scheme. It shall co-exist with the existing process, wherein cheques/ demand drafts are used as a mode of payment. Please refer ASBA application form for detailed instructions.
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 off units being offered.	Investors who do not provide their demat account details will not be allowed to trade their Units on the Exchange till the time the holdings are converted into demat form.

	Also, in the event of an order being received from any regulatory authority/body, directing attachment of the Units of any investor, redemption of Units at the time of maturity will be restricted in due compliance of such order.
Bank Mandate	It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per requirements laid down by SEBI and any other requirements stated in the Application Form. Applications without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
Static details	• The details provided by investors in the application form for subscribing to Units should be same as the details registered with the DP. • In the event of any conflict, the details registered with the DP will prevail. • Incase any particular detail is not registered with the DP, the details in the application form will be considered. • In the event of mismatch in the mode of holding as mentioned in the application form vis-à-vis details with the DP, the application is liable to be rejected.
Multiple Bank Account Registration	In compliance to AMFI Best Practice Guidelines, AMFI circular No. 17/10-11 dated October 22, 2010. The Mutual Fund offers its investors facility to register multiple bank accounts for pay-in & payout purposes and designate one of the registered bank account as "Default Bank Account". Individuals, HUFs, Sole proprietor firms can register upto five bank accounts and a non-individual investor can register upto ten bank accounts in a folio. This facility can be availed by using a designated "Bank Accounts Registration Form" available at Investor Service Centers and Registrar and Transfer Agent's offices. In case of new investors, the bank account mentioned on the purchase application form, used for opening the folio, will be treated as default bank account till the investor gives a separate request to register multiple bank accounts and change the default bank account to any of other registered bank account. Registered bank accounts may also be used for verification of pay-ins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription. Default Bank Account will be used for all dividends and redemptions payouts unless investor specifies one of the existing registered bank account in the redemption request for receiving redemption proceeds. However, in case a Unit holder does not specify the default account, the Mutual Fund reserves the right to designate any of the registered bank accounts as default bank account. **Consequent to introduction of "Multiple Bank Accounts Facility", the existing facility of redemption with change of bank mandate is discontinued by the Mutual Fund. New bank accounts can only be registered using the designated "Bank Accounts Registration Form". A new non-registered bank account specified in the specific redemption request for receiving redemption proceeds will not be considered.**

Third Party Payment Avoidance and additional documents / declaration required	To safeguard the interests of applicant/investors and avoid fraudulent transactions in any other name, the Mutual Fund does not accept Third Party Payments* inline with AMFI Best Practice Guidelines Circular No.16/2010-11 dated August 16, 2010. A payment towards mutual fund subscription by Cheque/Demand Draft (DD)/Fund Transfer/RTGS/NEFT or any mode whatsoever is deemed as a "Third Party" payment, if payment is issued from a bank account other than that of the beneficiary investor. 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 via cheque/Demand Draft (DD)/Funds transfer/RTGS/NEFT. Therefore, it is important for investors to mention the bank account number, bank name & branch address from where the payment is issued and the same should match with details on payment cheque/document (where applicable). Where the payment instrument/advice does not mention the bank account holders name/s, investor should attach bank pass book copy/bank statement/bank letter to substantiate that the first Unit holder is one of the joint holders of the bank account. Where a payment is through a DD, a bank certification of bank account and account holders name of the bank account used for DD issuance should be attached, in the required format. *Third Party Payment: When a payment is from a bank account other than that of the beneficiary investor, the same is referred to as a "Third Party Payment". It is further clarified that in case of mutual fund subscriptions, the first Unit holder is considered as the beneficiary investor, even if there are joint Unit holders. In case of payments from a bank account jointly held, the first holder of the mutual fund subscription has to be one of the joint holders of the bank account from which the payment is made. In specific exceptional situations where Third Party payment is permitted like (i) Payment by Parents / Grand-Parents / Related persons on behalf of a minor (other than registered guardian) in consideration of natural love and affection or as gift for value not exceeding Rs 50,000 for each purchase, (ii) Payment by an Employer on behalf of Employee under Systematic Investment Plans /lump sum/one-time subscription through Payroll deductions or (iii) Custodian on behalf of an FII or a client. Investors submitting their applications through the above-mentioned 'exceptional situations' are required to comply with the following, without which applications for subscriptions for units will be rejected/not processed/refunded. Mandatory KYC for all investor (guardian in case of minor) and the person making the payment i.e. third party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC to the application form irrespective of amount. Along with submission of a separate 'Third Party Payment Declaration Form' from investor (guardian in case of minor) and person making the payment i.e. third party. The said Declaration form shall, inter alia, contain the details of bank account from which the payment is made and the relationship with the investor(s). 'Investors are advised to visit www.dspblacrock.com > Knowledge Centre for more details, including declaration format or approach any of the offices of the fund. The AMC reserves a right to reject the transaction or call for additional details, if payment bank account and other details are not mentioned on the form and/or do not match with payment instrument and/or necessary documents and declaration, as applicable to respective investors and transactions, are not attached or are insufficient. In case the funds are transferred to the mutual fund account prior to the application rejection, then amount transferred may not be refunded or redeemed unless the investor establishes KYC with additional documentation.

B. ONGOING OFFER DETAILS

Ongoing Offer Period* (This is the date from which the Scheme will reopen for subscriptions/redemptions after the closure of the NFO period)	Not applicable. Being close ended Schemes, investors can subscribe to Units of the Schemes through the Mutual Fund/AMC only during the NFO period. However, once the Units are listed, an investor can buy/sell Units of the Schemes on a continuous basis on the BSE and/or any other Stock Exchange like any other publicly traded stock.
Ongoing price for subscription (Purchase Price)* (This is the price you need to pay for purchase/switch-in)	Being close ended Schemes, investors can subscribe to Units of the Schemes through the AMC/Fund at Rs. 10/- per Unit only during the NFO period of each Scheme. However, once the Units are listed, an investor can buy Units of the Schemes from the exchange at prices which may be above or below the actual NAV of the Schemes, depending upon the supply and demand of the Units at that point of time.

	A separate ISIN (International Security Identification Number) will be allotted for each Option under the Schemes.
Ongoing price for redemption (sale) /switch outs (to other Schemes/plans of the Mutual Fund)/intra-Plan switching by investors (Redemption Price)*(This is the price you will receive for redemptions/switch outs) ** Investors can only trade in the Units of the Schemes on the Stock Exchange, if they have provided complete demat account details in the application form at the time of NFO, or post allotment, have dematerialized their units.*	Redemption/Switch-out is not permitted by the Mutual Fund during the term of the Schemes. However, once the Units are listed, an investor can sell Units of the Schemes through the Exchange at prices which may be above or below the actual NAV of the Schemes, depending upon the supply and demand of the Units at that point of time. No request for redemption or switch will be accepted by the Mutual Fund/Registrar.
Cut off timing for subscription/redemption/ switch out (This is the time before which your redemption request (complete in all respects) should reach the official points of acceptance)	**For purchases and switch-ins** The Units of the Schemes will not be available for subscriptions/switch-in after the closure of the NFO period. **For redemptions and switch-outs** Redemption/switch-out through the Fund/AMC is not permitted during the term of the Schemes. Therefore, the provisions of cut-off timing for redemption/switch-out will not be applicable. However, once the Units are listed, an investor can buy/sell the units on a continuous basis on the Exchange during the trading hours, like any other publicly traded stock. Switch-out request to other Schemes of the Mutual Fund will be accepted upto 3.00 p.m. on the Maturity Date.
Where can the applications for purchase/redemption/ switch-out be submitted?	The Units will not be available for subscription/switch-in after the closure of the NFO period. Redemption/Switch-out is not permitted during the term of the Schemes. However, once the Units are listed, the Units can be sold by making such request in the prescribed form to the DP. Switch-out applications from the Schemes to any other scheme(s) of the Mutual Fund on the Maturity Date may be submitted at any of the official points of acceptance of transactions, the addresses of which are given at the end of this SID.
Listing	The Units of the Schemes will be listed on the Capital Market Segment of BSE within 5 business days of allotment. BSE has vide its letter no. DCS/IPO/NP/MF-IP/295/2011-12 dated September 09, 2011, provided in-principle approval to the Mutual Fund for listing of the Units of the Schemes on BSE. The Mutual Fund may at its sole discretion list the Units under the respective Schemes on any other recognized Stock Exchange(s) at a later date. The Trustee shall issue an addendum for listing of Units on any other recognised Stock Exchange in India, and a public notice to this effect will be given in two newspapers and also displayed at the Investor Service Centres. All regulatory procedures will be followed in this regard. An investor can buy/sell Units on a continuous basis on BSE and/or any other Stock Exchange(s) on which the Units are listed during the trading hours like any other publicly traded stock, until the date of issue of notice by the AMC for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depository's (NSDL/CDSL) records for the purpose of redemption of Units on maturity/final redemption date. The trading of Units on BSE and/or any other Stock Exchange(s) on which the Units are listed will automatically get suspended from the date of issuance of the said notice and also no off-market trades shall be permitted by the Depositories. The price of the Units in the market will depend on demand and supply at that point of time. There is no minimum investment, although Units are purchased in round lots of 1.

	As the Stock Exchange(s) do not allow trading of fractional units, Units may be allotted only in integers by rounding off the Units allotted to the lower integer and the balance amount may be refunded to the investor. Transaction Cost: Though there will be no entry/exit load for buying/selling the Units from/to the secondary market, the investors will have to bear the other costs related to transacting in the secondary market, e.g. brokerage, service tax, etc. The Schemes will be de-listed after their respective tenures. The AMC/Trustee will initiate the delisting procedure prior to the date of maturity. The Unit holders will not be able to trade on the stock exchange once the Schemes are delisted.
Settlement of Purchase / Sale of the Units of Scheme on the BSE	Buying / Selling of units of the Schemes on the BSE is just like buying/selling any other normal listed security. If an investor has bought units, he has to pay the purchase amount to the trading member/sub-broker, such that the amount paid is realised by the trading member who has bought the units before the funds pay-in day of the settlement cycle on the BSE. If an investor has sold units, he has to deliver the units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the BSE. The units (in the case of units bought) and the funds (in the case of units sold) are paid out to the trading member on the payout day of the settlement cycle on the BSE. The Exchange regulations stipulate that the trading member should pay the money or units to the investor within 24 hours of the payout. If an investor has bought units, he should give standing instructions for *'Delivery-In'* to his DP for accepting units in his beneficiary account. An investor should give the details of his beneficiary account and the DP-ID of his DP to his trading member/sub-broker. The trading member will transfer the units directly to the investor's beneficiary account on receipt of the same from Exchanges' Clearing Corporation. An investor who has sold units should instruct his (DP) to give '*Delivery Out'* instructions to transfer the units from his beneficiary account to the Pool Account of his trading member through whom he has sold the units. The details of the Pool A/c of his trading member to which the units are to be transferred, Unit quantity etc. should be mentioned in the Delivery Out instructions given by him to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the Delivery Out instructions should be given at least 24 hours prior to the cut-off time for the prescribed securities pay-in to avoid any rejection of instructions due to data entry errors, network problems, etc.
Rolling Settlement	The Pay-in and Pay-out of funds and the securities/units takes place within 2 working days after the trading date. The pay-in and pay-out days for funds and securities are prescribed as per the Settlement Cycle of the Exchange.

Minimum amount for purchase/redemption/switch out	Not applicable, as purchase/redemption/switch-out is not permitted during the term of the Schemes. The listed units will have to be sold in lots of 1(one) Unit or such other marketable lots as prescribed by the Exchange, from time to time.
Minimum balance to be maintained and consequences of non maintenance.	Not applicable.
Special facilities available	• **Personal Identification Number (PIN)** For the convenience of investors, the Mutual Fund provides the facility of transacting over telephone, and may also start the facility of Internet transactions. To use these facilities, a Unit Holder needs to have a secured PIN. Investors can apply for a PIN by filling up and signing the relevant portion in the application form or in the common transaction form. By signing the relevant form, the Unit holder/s expressly agrees to have read and understood the following terms and conditions related to PIN issuance by the AMC/Registrar and PIN usage by the Unit holder/s:

	• If the mode of holding is 'Single' or 'Anyone or survivor', the facility will be available to the Unit Holder for all transactions permitted. However, if the mode of holding is 'Joint' and the PIN is requested by all Unit holders by duly signing the form, it will be deemed to be an express instruction to the AMC / Registrar to change the mode of holding to either or survivor so that all transaction facilities will be available. • The AMC/Registar will send the PIN to the first Unit Holder using secure, tamper proof stationery to the registered address of the sole / first holder using a reputed mailing agency like courier or post however entirely and solely at the risk of the said Unit Holder(s). • While receiving the PIN, the Unit Holder(s) should ensure that it is received in a sealed envelope. In case the Unit Holder (s) has/have any doubt that the seal has been tampered with, he/they should immediately inform the Registrar. • Unit Holders may use the PIN to avail of the various services offered through the call centre and on the website www.dspblackrock.com or any other website for which PIN is issued as and when the internet facility is started. • The AMC/Registrar will not be in a position to verify the user of the PIN and therefore, shall not be responsible or shall not be liable for any transactions arising out of misuse of the PIN by any of the Unit Holder(s) or any other third party. • Unit Holders may use the PIN to carry out one or more of the following types of transactions, including transactions as may be permitted by calling the Call Centre or accessing the website as and when such facility is offered: • Redemption • Switch • Static data changes viz. change of address, change of bank mandate, etc. • Any other service which the AMC may decide to offer, from time to time. • This facility is not offered to categories of Unit Holders who transact through a Power of Attorney or through arrangements via brokers/distributors. The AMC reserves the right to reject the issue of PIN to such Unit Holder. • The Unit Holder will be asked for PIN verification before the request is accepted. In the interest of the Unit Holder, the Mutual Fund reserves the right to ask for a fax confirmation of the request and any additional information about the account of the Unit Holder. • The Unit Holder (s) shall not disclose the PIN to any person nor should the PIN be written down where any other person may discover it. • The Mutual Fund or the Registrar shall not take any liability or responsibility arising out of the unauthorized usage of the PIN or unauthorized transactions conducted by using the PIN facility. All transactions with the use of the PIN will be the sole responsibility of the Unit Holder(s). The Unit Holder(s) shall indemnify the Registrar, the Mutual Fund and/or the AMC for all liabilities, losses, damages and expenses which they may sustain or incur directly or indirectly as a result of: • Providing the facility of carrying out transactions, as available, over the telephone or internet, • Fraud or dishonesty relating to any transaction using PIN, • Non compliance of terms and conditions relating to transactions over telephone or internet using the PIN, • Any transactions that are carried out on the basis of instructions over the telephone/internet, given by unauthorized persons by gaining access to PIN, • Any loss or damage incurred or suffered by the Unit Holder's due to any error, defect, failure or interruption in the provision of this facility arising from or caused by any reason whatsoever. • It shall be the sole responsibility of the Unit Holder (s) to ensure adequate protection and confidentiality of the PIN and any disclosure thereof to any other person shall be entirely at the risk of the Unit Holder's. Unit Holder (s) should report the loss of the PIN immediately upon discovery of such an event. • In the event of loss of PIN by the Unit Holder or due to Unit Holder having forgotten the PIN, a request for issue of a duplicate PIN shall be considered only on receipt of a written request from the Unit Holder, subject to

	signature verification/validation. • The Unit Holder(s) shall take complete responsibility for all transactions conducted by using the PIN and the Unit Holder(s) will abide by the record of transactions generated by the Mutual Fund or the Registrar. • The Mutual Fund may, at its absolute discretion, issue a new PIN to Unit Holder(s) on these terms and conditions or such terms and conditions as the Mutual Fund may deem fit. The Mutual Fund may also discontinue this facility at any time in future or make changes in terms and conditions for telephone/internet transactions without assigning any reasons thereof and the Unit Holder agrees to be bound by the same. • All records, whether in electronic form, magnetic medium, documents or any other with respect to instructions received for use of the PIN facility or instructions received through use of the facility shall be conclusive evidence of such instructions and shall be binding on the Unit Holder. • Usage of, or subscription to the PIN facility shall be in addition to, and not in substitution of, the existing procedure for conducting transactions. The AMC shall not be responsible for any errors that may be committed by the user in the process of conducting any transaction through PIN. • The Unit Holder(s) shall give a thirty days notice to the Registrar in writing if he/she/it/they wish to terminate this facility. • **Pledge of Units for Loans** • Units can be pledged by the Unit Holders as security for raising loans, subject to any rules/restrictions that the Trustee may prescribe from time to time. • For Units held in demat form, the rules of the DP will be applicable for pledge of the Units. Units held in electronic form can be pledged by completing the requisite forms/formalities as may be required by the Depository. The pledge gets created in favour of the pledgee only when the pledgee's DP confirms the creation of pledge in the system. • In case of Units held in physical form, the Registrar will note and record such pledge. A standard form for this purpose is available on request with the Registrar. • The Pledgor will continue to receive dividend on the pledged securities. The Pledgee will get the benefits only if a pledge is invoked and on the record date the shares are in the pledgee's account. On invocation of pledge, the Fund will on the Maturity Date, pay the proceeds to the pledgee based on data from his DP.
Transfer of Units	The Units of the Schemes held in the physical form are not transferable. Units held in dematerialized form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. The intended transferee should be eligible to hold Units under the Schemes and have a beneficiary account with a DP of NSDL/CDSL. The AMC shall not be bound to recognise any other transfer. For effecting the transfer of Units held in electronic form, the delivery instructions for such transfer will have to be lodged by the investor with his DP in the requisite form as may be required from time to time and the transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized mode.
Account Statements/Allotment Advice	**Units held in physical form:** • For Unit Holders who have provided an e-mail address, the AMC will send the account statement by e-mail. • The Unit Holder may request for a physical account statement by writing to/calling the AMC/Registrar. • The account statement will state the number of Units allotted. The Account Statement shall be non-transferable. Despatch of account statements to NRIs/FIIs will be subject to RBI approval, if required. • Annual Account Statement: A consolidated account statement every half yearly (September/ March) shall be issued, on or before tenth day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that periods. • Account Statements shall be non–transferable. They shall not be construed as

	proof of title and are only computer printed statements indicating the details of transactions under the Schemes during the current financial year and giving the closing balance of Units for the information of the Unit Holder. **Units held in demat (electronic) mode:** Units will be credited to the demat account of the Unit Holder. An intimation to this effect will be issued to the Unit Holder by the Registrar.
Dividend	Dividend warrants shall be dispatched to the Unit Holders as on Record Date, within 30 days of the date of declaration of the dividend.`
Redemption	Redemption by the Mutual Fund is not permitted during the term of the Schemes. However, once the Units are listed, an investor holding Units in demat form can sell the Units on a continuous basis on the exchange during the trading hours, like any other publicly traded stock. The maturity redemption proceeds will be dispatched to Unit holders within 10 working days of the Maturity Date. The cheque will be issued in favour of the sole/first Unit Holder's registered name and bank account number, if provided, and will be sent to the registered address of the sole/first holder as registered with the Registrar. The redemption cheque/demand draft will be payable at par at all the places where the official points of acceptance of transaction are located. Bank charges for collection of cheques at all other places will be borne by the Unit Holder. With a view to safeguarding their interest, it is desirable that Unit Holders indicate their Bank Account No., name of the bank and branch in the application for purchasing Units of the Schemes. **Switch upon Maturity:** Unit holder may note that an additional option of switch upon maturity is provided by the Mutual Fund, whereby Unit holder can switch the entire proceeds (other than dividend) upon maturity to any other scheme of the Mutual Fund by filling in the relevant portion of the KIM at the time of investment. In this case, on maturity the entire proceeds will be invested in the switch-in scheme as notified by the Unit holder, at the applicable NAV for switch-in scheme. Unit holders are requested to carefully read the Scheme Information Document of the relevant switch-in scheme before exercising this option. This option/facility shall not be applicable for Units held in demat form.
Delay in payment of redemption / repurchase proceeds	The AMC shall be liable to pay interest to the Unit Holders at such rate as may be specified by SEBI (presently @ 15% per annum) in case the redemption proceeds are not made within 10 working days of the Maturity Date.

C. PERIODIC DISCLOSURES

Net Asset Value (This is the value per Unit of the Schemes on a particular day. You can ascertain the value of your investments by multiplying the NAV with your Unit balance)	The first NAV will be calculated and declared within 5 Business days from the closure of NFO. Thereafter, the Mutual Fund shall declare the NAV of the Schemes on every Business Day, on AMFI's website www.amfiindia.com, by 9.00 p.m. and also on www.dspblackrock.com. The NAV of the Schemes will be published by the Mutual Fund in at least two daily newspapers, on every Business Day.
Half yearly Disclosures: Portfolio (This is a list of securities where the corpus of each Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures)	Full portfolio in the prescribed format shall be disclosed either by publishing it in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head office of the Mutual Fund is situated or by sending it to the Unit Holders within one month from the end of each half-year, that is as on March 31 and September 30. It shall also be displayed on www.dspblackrock.com.
Half Yearly Financial Results	The Mutual Fund shall, before the expiry of one month from the close of each half year, that is as on March 31 and September 30, publish its unaudited financial results in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the head office of the Mutual Fund is situated. These shall also be displayed on www.dspblackrock.com.

<table>
<tr><td>Annual Report</td><td colspan="7">The annual report of the Schemes will be prepared and the Annual Report or an abridged summary thereof, will be sent/emailed to all Unit Holders not later than four months from the date of the closure of the relevant financial year i.e. March 31 each year. Whenever the report is sent in a the abridged form, the full annual report will be available for inspection at the registered office of the Trustee and a copy made available on request to the Unit Holders on payment of a nominal fee. The Annual Report shall also be displayed on www.dspblackrock.com.</td></tr>
<tr><td>Associate Transactions</td><td colspan="7">Please refer the SAI.</td></tr>
<tr><td rowspan="5">Taxation
(The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme.)</td><td rowspan="2"></td><td colspan="3">Tax Rates* under the Income Tax Act, 1961</td><td colspan="3">TDS Rate** under the Income Tax Act, 1961</td></tr>
<tr><td>Residents</td><td>NRIs/PIOs</td><td>FIIs</td><td>Residents</td><td>NRIs/PIOs/other Non FII non-residents</td><td>FIIs</td></tr>
<tr><td>Short Term capital Gain</td><td colspan="2">Taxable at normal rates of tax applicable to the assessee</td><td>30%
(u/s 115AD)</td><td>NIL</td><td>30% for non resident non corporates, 40% for non resident corporates, (u/s 195)</td><td>NIL</td></tr>
<tr><td>Long Term capital Gain***</td><td colspan="2">10% without indexation, or 20% with indexation, whichever is lower (u/s 112)</td><td>10%
(u/s 115AD)</td><td>NIL</td><td>20% for non residents (u/s 195)</td><td>NIL</td></tr>
<tr><td colspan="7">*plus surcharge as applicable:- In the case of a domestic company @7.5% and in case of a every company, other than a domestic company @ 2.5% (if their total income exceeds Rs. 10,000,000/-), No surcharge on firms, co-operative societies, local authorities Individuals/HUFs/BOIs/AOPs and Artificial juridical persons

**In respect of TDS, the surcharge at 2.5% is applicable only in case of every company, other than a domestic company (If the amount payable in a year exceeds Rs.10,000,000/-)

Plus education cess and secondary and higher education cess : 3%

*** Capital Gains on redemption of Units held for a period of more than 12 months from the date of allotment.

The Finance (No.2) Act, 2009 has made an amendment to the effect that any income received by any person on behalf of the New Pension System Trust established on 27th day of February, 2008 under the provision of Indian Trust Act of 1882 shall be exempt from Income tax.

Any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB (hereafter referred to as deductee) on or after 1/04/2010, shall furnish his Permanent Account Number to the person responsible for deducting such tax (hereafter referred to as deductor), failing which tax shall be deducted at the higher of the following rates, namely:</td></tr>
</table>

	(i) at the rate specified in the relevant provision of this Act; or (ii) at the rate or rates in force; or (iii) at the rate of twenty per cent. In case of investments by NRIs during NFO, at the time of redemption of units, TDS will be deducted at the applicable rate. However, in respect of those Unit Holders who have acquired the Units on the Stock Exchange post listing of units, the Unit Holders would need to provide a certificate from a Chartered Accountant certifying the details of acquisition of Units to the Fund within two days of maturity of the Scheme, so as to enable the Fund to deduct TDS at the applicable rates. In the event of such details not being provided, the Fund would deduct TDS on the redemption proceeds at the highest rate of TDS applicable. **For further details on taxation, please refer to the clause on Taxation in the SAI**.
Investor services	Mr. Gaurav Nagori has been appointed as the Investor Relations Officer. He can be contacted at DSP BlackRock Investment Managers Pvt. Ltd. The address and phone number are: Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021; Phone: 022-66578000; Fax: 022-66578181. Investors may also contact the Investor Service Centre at Maker Chamber VI, 126/127, 12th floor, Jamnalal Bajaj Road, Nariman Point, Mumbai – 4000 21. Tel.: 022 - 6671800.

D. COMPUTATION OF NAV

NAV of Units under each Scheme may be calculated by either of the following methods shown below:

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments + Current Assets - Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

Or

$$\text{NAV (Rs.)} = \frac{\text{Unit Capital + Reserves and Surplus}}{\text{No. of Units outstanding under the Scheme}}$$

NAVs will be rounded off to four decimal places and will be computed and declared on every Business Day, as of the close of such Business Day. The valuation of the Schemes' assets and calculation of the Schemes' NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

The first NAV will be calculated and announced within five business days from the date of closure of New Fund Offer. Subsequently, the NAV of the Schemes will be published in atleast two daily newspapers, on every Business Day.

Note: There will be more than one NAV, one for each option, after the declaration of the first dividend.

SECTION VII. FEES AND EXPENSES

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

A. NFO EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. The NFO expenses of floating the Schemes will be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar's fee, marketing and selling costs etc., as given in the table below:

The AMC has estimated that upto 2.25 % of the weekly average net assets of each Scheme, will be charged to the Scheme as expenses. For the actual current expenses being charged, investors should refer www.dspblackrock.com.

Particulars	% of Average Weekly Net Assets
Investment Management & Advisory Fee	0.85
Service Tax on Management Fee & Advisory Fee	0.10
Custodial Fees	0.03
Registrar & Transfer Agent Fees including cost related to providing accounts statements, dividends etc.	0.03
Marketing & Selling Expenses and statutory advertisement	0.05
Listing fees	0.01
Service charges of Depository	0.01
Brokerage & Transaction Cost pertaining to the distribution of units (including Agents Commissions)	0.95
Audit Fees / Fees and expenses of Trustee	0.02
Costs related to investor communications	0.10
Costs of fund transfer from location to location	0.05
Other Expenses (as may be permitted by SEBI under Regulation 52)	0.05
Total Recurring Expenses	**2.25**

These estimates have been made in good faith as per the information available to the AMC based on past experience, and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

Apart from these expenses, any other expenses which are directly attributable to the Schemes, may be charged with the approval of the Trustee within overall limits as specified in the SEBI (MF) Regulations except those expenses which are specifically prohibited. The annual total of all charges and expenses of the Scheme, except for brokerage, commissions, stamp duties and other (transaction) expenses directly associated with the purchase, sale and registration of transfer of the scheme's investment/securities and except for expenses associated with the NFO of the Schemes and also except for expenses which are directly met/set off against sale shall be subject to the following limits, under Regulation 52 of the SEBI (MF) Regulations:

On the first Rs.100 Crores of the average weekly net assets	2.25%
On the next Rs.300 Crores of the average weekly net assets	2.00%
On the next Rs.300 Crores of the average weekly net assets	1.75%
On the balance of the assets	1.50%

The Mutual Fund will strive to reduce the level of these expenses so as to keep them well within the maximum limits allowed by SEBI and expenditure in excess of the above limits shall be borne by AMC.

In terms of the Investment Management Agreement and Regulation 52 of the SEBI (Mutual Funds) Regulations, the AMC is entitled to an Investment Management Fee at 1.25% per annum of the weekly average net assets for a corpus of upto Rs. 100 crore and at 1% per annum for the corpus amount in excess of Rs. 100 crore.

For the actual current expenses being charged, the investor should refer to the website of the Mutual fund.

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, investors may refer the website of the AMC www.dspblackrock.com or call at 1800- 200-44-99 (toll free) or may contact their distributor.

There will be no Entry Load or Exit Load in the Schemes.

Investors may note that the Trustee has the right to modify the existing load structure, subject to a maximum as prescribed under the SEBI (MF) Regulations. Any imposition or enhancement in the load shall be applicable on prospective investments only. At the time of changing the load structure, the AMC shall consider the following measures to avoid complaints from investors about investment in the schemes without knowing the loads:

(i) Addendum detailing the changes will be attached to the SID and Key Information Memorandum (KIM).
(ii) Arrangements will be made to display the addendum to the SID in the form of a notice in all the ISCs/offices of the AMC/Registrar.
(iii) 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.

SECTION VIII. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

SECTION IX. PENALTIES AND PENDING LITIGATION

Penalties and 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

1. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years:

   NONE.

2. 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:

   NONE.

3. 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:

   NONE.

4. 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:

   NONE.

Notwithstanding anything contained in this SID, the provisions of the SEBI (MF) Regulations, 1996 and the guidelines thereunder shall be applicable.

For DSP BlackRock Trustee Company Pvt. Ltd.
Trustee: DSP BlackRock Mutual Fund

Sd/-	Sd/-
Shitin D. Desai	S.S. Thakur
Chairman	Director

Place: Mumbai
Date: --------, 2011

List of Official Points of Acceptance of Transactions

DSP BlackRock Investment Managers Private Limited - Investor Service Centres

Ahmedabad	3rd Eye One, Office No. 301, 3rd Floor, Opp. Hovmor Restaurant, Nr Panchvati Circle, C.G. Road, Ahmedabad - 380 006.
Bengaluru	19/5 & 19/6, Kareem Towers, Cunningham Road, Bengaluru - 560 052.
Bhubneshwar	Lotus House, Office No 3, 2nd Floor, 108/A, Kharvel Nagar, Unit-3, Janpath, Bhubneshwar - 751 001.
Chandigarh	Ground Floor, SCO 40-41, Sector 9 D, Madhya Marg, Chandigarh - 160 017.
Chennai	1st Floor, SPS Buildings, Door No. 185, Annasalai, Chennai - 600 002.
Coimbatore	1st Floor, East Wing, Tristar Towers, 657, Avinashi Road, Coimbatore - 641 037.
Goa	4th Floor, Mathias Plaza, 18th June Road, Panaji, Goa - 403 001.
Guwahati	Mayur Gardens, Shop No. 5, Upper Ground Floor, G. S. Road, Guwahati - 781 005.
Hyderabad	Mahavir Chambers, Office No. 103, Door No. 3-6-363 & 3-6-1/1, Himayathanagar Road, Basheerbagh, Hyderabad - 500 029.
Indore	206, 2nd Floor, Starlit Tower, 29/1 Y N Road, Indore - 452 001.
Jaipur	201 - 204, Green House, Above Axis Bank, O15, Ashok Marg, C Scheme, Jaipur - 302 001.
Jamshedpur	Gayatri Enclave, Office No. 3-C, 3rd Floor, K Road, Bistupur, Jamshedpur - 831 001
Kanpur	Kan Chambers, Office No. 701-703, 7th Floor, 14/113, Civil Lines, Kanpur - 208 001.
Kochi	40/1045 H1, 6th Floor, Amrithaa Towers, Opp. Maharajas College Ground, M.G Road, Cochin - 682 011.
Kolkata	301 & 309, Lords, 3rd Floor, 7/1 Lord Sinha Road, Kolkata - 700 071.
Lucknow	Speed Motors Building, 3rd Floor, 3-Sahanajaf Road, Lucknow - 226 001.
Ludhiana	Regalia Heights, SCO No. 32, Ground Floor, Feroze Gandhi Market, Pakhowal Road, Ludhiana – 141 001.
Mangalore	Maximus Commercial Complex, Office No. UGI - 5, Light House Hill Road, Mangalore - 575 001.
Mumbai	Maker Chamber VI, Office No. 126/127, 12th Floor, Jamnalal Bajaj Road, Nariman Point, Mumbai - 400 021.
Nagpur	Milestone, Office No. 108 & 109, 1st Floor, Ramdas Peth, Wardha Road, Nagpur - 440 010.
Nashik	Bedmutha's Navkar Heights, Office No. 1 & 2, 3rd Floor, New Pandit Colony, Saharanpur Road, Nashik – 422 002.
New Delhi	Dr Gopal Das Bhavan, Upper Ground Floor, 28, Barakhamba Road, New Delhi - 110 001.
Patna	Dukhan Ram Plaza, Office No. 304, 3rd Floor, Exhibition Road, Patna - 800 001.
Pune	306 Business Guild, Plot # 87/2, Law College Road, Erandawane, Pune - 411 004
Rajkot	Hem Arcade, Office No. 303, 3rd Floor, Kathiawad Gymkhana Road, Rajkot - 360 001.
Surat	International Trade Center, Office No. G-28, Majura Gate Crossing, Ring Road, Surat - 395 002.
Vadodara	401, 4th Floor, Sakar Complex, Haribhakti Colony, Old Padra Road, Vadodara - 390 007.
Vishakapatnam	Cabin Premises No. 11, First Floor, Eswar Arcade, 1 Floor, 47-11-1/5, Dwarka Nagar, 1 Lane, Vishakapatnam - 530 016.

SCSBs

Please visit the website www.sebi.gov.in for the list of SCSBs. You may also check with your bank for the ASBA facility.