SCHEME INFORMATION DOCUMENT

AXIS OPPORTUNITIES FUND - SERIES 1 AND 2
3 TO 5 YEAR CLOSE ENDED EQUITY SCHEME

Offer of Units of Rs. 10 each for cash during the New Fund Offer.

Scheme re-opens on:

<table>
<thead>
<tr>
<th>This product is suitable for investors who are seeking*:</th>
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<tr>
<td>- capital appreciation over long term</td>
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<tr>
<td>- Investment in a diversified portfolio predominantly equity and equity related instruments across market cap.</td>
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<td>- high risk, (BROWN)</td>
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*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note: Risk may be represented as:

| (BLUE) investors understand that their principal will be at low risk |
| (YELLOW) investors understand that their principal will be at medium risk |
| (BROWN) investors understand that their principal will be at high risk |

Name of the Sponsor : Axis Bank Limited
Name of Mutual Fund : Axis Mutual Fund
Name of Asset Management Company : Axis Asset Management Company Limited
Name of Trustee Company : Axis Mutual Fund Trustee Limited
Addresses, Website of the AMC, Trustee & Mutual Fund

"Axis House", 1st Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025
www.axismf.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations or the Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the Asset Management Company (AMC). The Units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

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

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Axis Mutual Fund, Tax and Legal issues and general information on www.axismf.com.

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

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

This Scheme Information Document is dated ______________

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EXCHANGE DISCLAIMER:

As required, a copy of this Scheme Information Document has been submitted to Bombay Stock Exchange of India Limited (hereinafter referred to as BSE). BSE has given vide its letter number DCS/IPO/NP/MF-IP/696/2013-14 dated February 24, 2014 permission to the Mutual Fund to use the Exchange’s name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund’s Units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by BSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund’s Units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any Units of the 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 any other reason whatsoever.
HIGHLIGHTS/ SUMMARY OF THE SCHEME

Investment Objective

To generate long-term capital appreciation from a diversified portfolio of predominantly equity & equity related instruments without any capitalization bias.

Structure

Axis Opportunities Fund – Series 1 and 2 is a 3 to 5 year close ended (including the date of allotment) equity scheme.

The Tenure of the Scheme is three to five years from the date of allotment (including the date of allotment). If the maturity falls on a non-business day, the maturity date shall be the next business day.

The exact duration of the Series under the Scheme shall be decided at the time of launch of the respective Series and will be indicated in a notice in two newspapers (i.e. 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) published for launch of the Series (being balance Series under the scheme).

The AMC/ Trustee may issue a revised SID at the time of each launch (instead of issuing a notice in two newspapers).

Units of the scheme can be redeemed only on the Maturity Date of the scheme (or immediately succeeding Business Day if that day is not a Business Day.)

Liquidity

The Units of the Scheme cannot be redeemed by the Unit holder directly with the Fund until the Maturity Date.

The Units of the Scheme will be listed on the capital market segment of the BSE and/ or any other Stock Exchange. Unit holders can purchase / sell Units on a continuous basis on BSE and/or any other Stock Exchange(s) on which the Units are listed. The Units can be purchased / sold during the trading hours of the Stock Exchange(s) 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 Depositories (NSDL/CDSL) records for the purpose of redemption of Units on Maturity 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 issue of the said notice and also no off-market transactions shall be permitted by the Depositories.

The price of the Units on the Stock Exchange(s) will depend on demand and supply at that point of time and underlying NAV. There is no minimum investment limit, although Units are normally traded in round lots of 1 Unit.
Please refer to para “Settlement of purchase/sale of Units of the Scheme on BSE” and “Rolling Settlement” under the section “Cut off timing for subscriptions/redemption/switches” for further details.

The notice for fixing the record date will be issued by the AMC at least five calendar days before the Maturity Date and the record date for redemption of Units on Maturity Date will be at least one calendar day prior to the Maturity Date. The AMC reserves the right to change the period for publication of notice and fixing of record date for redemption of Units on Maturity Date.

**Benchmark**

S&P BSE 200 Index

The fund intends to invest in a diversified portfolio across sectors & market cap. Since the constituents of index reasonably represent the investible universe of the fund, the benchmark of the fund is S&P BSE 200 Index.

**Dematerialization of Units**

The Unit holders are given an Option to hold the units by way of an Account Statement (Physical form) or in Dematerialized ('Demat') form.

Mode of holding shall be clearly specified in the KIM cum application form. Unit holders holding the units in physical form will not be able to trade or transfer their units till such units are dematerialized.

Unit holders opting to hold the units in demat form must provide their Demat Account details in the specified section of the application form. The Unit holder intending to hold the units in Demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL/ CDSL as may be indicated by the Fund at the time of launch) and will be required to indicate in the application the DP’s name, DP ID Number and the beneficiary account number of the applicant with the DP.

In case Unit holders do not provide their Demat Account details, 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.

**Transfer of Units**

Units held by way of an Account Statement (Physical form) cannot be transferred. Units held in Demat form are freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be affected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized mode.

**Payment of redemption proceeds**
Under normal circumstances the AMC shall dispatch the Redemption proceeds within 10 Business Days from the redemption date.

Transparency/ NAV Disclosure

The AMC will calculate and disclose the NAVs for all Business Days. The NAV of the Scheme shall be published in at least in two daily newspapers. The AMC shall update the NAVs on its website (www.axismf.com) and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) for a business day by 9.00 p.m. on every business day. If the NAVs are not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

The AMC will disclose the portfolio of the Scheme within one month from the close of each half year (i.e. 31st March and 30th September) either by sending a complete statement to all the Unit holders or by publishing the same by way of advertisement 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. The portfolio statement will also be displayed on the website of the AMC and AMFI.

The AMC will disclose details of the portfolio of the Scheme on a monthly basis on its website.

The AMC will make available the Annual Report of the Scheme within four months of the end of the financial year.

Minimum Application Amount

Rs. 5,000 and in multiples of Re. 10/- thereafter

Plans and Options under the Plan(s) of the Scheme

Plans

- Axis Opportunities Fund – Series 1 and 2 - Regular Plan
- Axis Opportunities Fund – Series 1 and 2 - Direct Plan

Options under each plans

- Growth
- Dividend (Payout Facility)

Regular Plan
Regular Plan is available for all type of investors investing through a Distributor.

Direct Plan
Direct Plan is only for investors who purchase/ subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.

All the plans will have common portfolio.
Loads
Entry Load: Not Applicable

SEBI vide its circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 has decided that there shall be no entry Load for all Mutual Fund Schemes. The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder.

Exit Load: Not Applicable

Units under the scheme cannot be redeemed directly with the Fund as the Units of the Scheme will be listed on the Stock Exchange(s). These units can be sold on a continuous basis on the stock exchange(s) where the units will be listed during the trading hours on all trading days. For more details on load structure, please refer paragraph ‘Load Structure’.

I. INTRODUCTION

A. RISK FACTORS

(i) Standard Risk Factors:

- Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/value/interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- Axis Opportunities Fund – Series 1 and 2 is the name of the Scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Fund.
- Axis Opportunities Fund – Series 1 and 2 is not a guaranteed or assured return scheme.

(ii) Scheme Specific Risk Factors

Risks associated with investments in equities

- Equity and equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme(s) to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme(s), should there be a subsequent decline in the value of securities
held in the Scheme portfolio. Also, the value of the Scheme investments may be affected by interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.

- Investments in equity and equity related securities involve a degree of risk and investors should not invest in the equity Schemes unless they can afford to take the risk of losing their investment.

- Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in unlisted securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio. Additionally, the liquidity and valuation of the Scheme investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

**Risks associated with investments in Fixed Income Securities**

**Interest-Rate Risk**: Fixed income securities such as government bonds, corporate bonds, and money market instruments and derivatives run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

**Re-investment Risk**: Investments in fixed income securities carry re-investment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

**Basis Risk**: The underlying benchmark of a floating rate security or a swap 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 portfolio.

**Spread Risk**: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

**Liquidity Risk**: The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.

**Credit Risk**: This is the risk associated with the issuer of a debenture/bond or a money market instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds
carry a higher amount of credit risk than Government securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

**Liquidity Risk on account of unlisted securities:** The liquidity and valuation of the Scheme investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment. The unlisted security can go down in value before the divestment date and selling of these securities before the divestment date can lead to losses in the portfolio.

**Settlement Risk:** Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.

**Risk Associated with Securitized Debt**

The Scheme may invest in domestic securitized debt such as Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS). ABS are securitized debts where the underlying assets are receivables arising from various loans including automobile loans, personal loans, loans against consumer durables, etc. MBS are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential/commercial properties.

At present in Indian market, following types of loans are securitized:

1. Auto Loans (cars/commercial vehicles/two wheelers)
2. Residential Mortgages or Housing Loans
3. Consumer Durable Loans
4. Personal Loans
5. Corporate Loans

In terms of specific risks attached to securitization, each asset class would have different underlying risks. Residential Mortgages generally have lower default rates than other asset classes, but repossession becomes difficult. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Asset classes like personal loans, credit card receivables are unsecured and in an economic downturn may witness higher default. A corporate loan/receivable, depend upon the nature of the underlying security for the loan or the nature of the receivable and the risks correspondingly fluctuate.

The rating agencies define margins, over collateralisation and guarantees to bring risk in line with similar AAA rated securities. The factors typically analyzed for any pool are as follows:

a. **Assets securitized and Size of the loan:** This indicates the kind of assets financed with the loan and the average ticket size of the loan. A very low ticket size might mean more costs in originating and servicing of the assets.

b. **Diversification:** Diversification across geographical boundaries and ticket sizes might result in lower delinquency

c. **Loan to Value Ratio:** Indicates how much % value of the asset is financed by
borrower’s own equity. The lower this value the better it is. This suggests that where the borrowers own contribution of the asset cost is high; the chances of default are lower.

d. Average seasoning of the pool: This indicates whether borrowers have already displayed repayment discipline. The higher the number, the more superior it is. The other main risks pertaining to Securitised debt are as follows:

**Prepayment Risk:** This arises when the borrower pays off the loan sooner than expected. When interest rates decline, borrowers tend to pay off high interest loans with money borrowed at a lower interest rate, which shortens the average maturity of ABSs. However, there is some prepayment risk even if interest rates rise, such as when an owner pays off a mortgage when the house is sold or an auto loan is paid off when the car is sold.

**Reinvestment Risk:** Since prepayment risk increases when interest rates decline, this also introduces reinvestment risk, which is the risk that the principal can only be reinvested at a lower rate.

**Risks associated with investments in derivatives**

- The Scheme may invest in derivative products in accordance with and to the extent permitted under the Regulations and by RBI. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.

- 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 to the values.

- Investment in derivatives also requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.

- The Scheme may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place.

- The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.
- The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However the gains of an options writer are limited to the premiums earned.

- The exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.

- The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.

- Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.

- The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.

- The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.

- There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. The counter party may default on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counterparty at the then prevailing (possibly unfavourable) market price.

- Derivatives also carry a market liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.

- Where derivatives are used for hedging, such use may involve a basis risk where the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risk may be inter-related also e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets.

- Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor.

- Execution of investment strategies depends upon the ability of the fund manager(s) to identify such opportunities which may not be available at all times. Identification and execution of the strategies to be pursued by the fund manager(s) involve uncertainty and decision of fund manager(s) may not always
be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.

- 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.

The following are certain additional risks involved with use of fixed income derivatives:

**Interest rate risk:** Derivatives carry the risk of adverse changes in the price due to change in interest rates.

**Liquidity risk:** During the life of the derivative, the benchmark might become illiquid and might not be fully capturing the interest rate changes in the market, or the selling, unwinding prices might not reflect the underlying assets, rates and indices, leading to loss of value of the portfolio.

**Risks associated with Securities lending**

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, to comply with the terms of agreement entered into between the lenders of securities i.e. any scheme and the approved intermediary/counterparty. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary/counterparty to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

**Risks associated with Short Selling**

The scheme may enter into short selling transactions, subject to SEBI and RBI regulations. Short positions carry the risk of losing money and these losses may grow unlimited theoretically if the price of the stock increases without any limit. This may result in major loss to the Scheme. At times, the participants may not be able to cover their short positions, if the price increases substantially. If numbers of short sellers try to cover the position simultaneously, it may lead to disorderly trading in the stock and thereby can briskly escalate the price even further making it difficult or impossible to liquidate short position quickly at reasonable prices. In addition, short selling also carries the risk of inability to borrow the security by the participants thereby requiring the participants to purchase the securities sold short to cover the position even at unreasonable prices.

**Risks associated with Repo transactions in Corporate Bonds**

The scheme may be exposed to counterparty risk in case of repo lending transactions in the event of the counterparty failing to honour the repurchase agreement. However in repo transactions, the collateral may be sold and a loss is realized only if the sale price is less than the repo amount. The risk is further mitigated through over-collateralization (the value of the collateral being more than the repo amount).

**Listing related risks**
Listing of the units of the fund does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the units will develop or be maintained. Consequently, the Fund may quote below its face value / NAV.

Trading in Units of the Scheme on the Exchange may be halted because of market conditions or for reasons that in view of Exchange Authorities or SEBI, trading in Units of the scheme is not advisable. In addition, trading in Units of the Scheme is subject to trading halts caused by extraordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of Exchange necessary to maintain the listing of Units of the Scheme will continue to be met or will remain unchanged. Any changes in trading regulations by the Stock Exchange(s) or SEBI may inter-alia result in wider premium/ discount to NAV. The Units of the Scheme may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of Scheme's holdings. The trading prices of Units of the Scheme will fluctuate in accordance with changes in their NAV as well as market supply and demand for the Units of the Scheme. The Units will be issued in demat form through depositories. The records of the depository are final with respect to the number of Units available to the credit of Unit holder. Settlement of trades, repurchase of Units by the Mutual Fund on the maturity date will depend upon the confirmations to be received from depository(ies) on which the Mutual Fund has no control.

The market price of the Units of the Scheme, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the Unit (or NAV), and (2) demand and supply of Units in the market. Sizeable demand or supply of the Units in the Exchange may lead to market price of the Units to quote at premium or discount to NAV. As the Units allotted under the Scheme will be listed on the Exchange, the Mutual Fund shall not provide for redemption / repurchase of Units prior to Maturity Date of the Scheme.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. 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, the Scheme shall be wound up in accordance with Regulation 39 (2) (c) of 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 date of closure of the New Fund Offer.

C. SPECIAL CONSIDERATIONS, if any

- Prospective investors should study this Scheme Information Document and Statement of Additional Information carefully in its entirety and should not construe the contents hereof as advise relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial 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/ hold Units.
Neither this Scheme Information Document, Statement of Additional Information nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document or Statement of Additional Information in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, persons who come into possession of this Scheme Information Document or Statement of Additional Information are required to inform themselves about and to observe any such restrictions and/or legal compliance requirements.

The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this Scheme Information Document or the Statement of Additional Information or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the Scheme Information Document or Statement of Additional Information or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.

Redemption due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise due to such Redemptions.

The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in ‘Statement of Additional Information (‘SAI’).’

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 advice received by the AMC regarding the law and practice currently in force in India as on the date of this Scheme Information Document 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.

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 or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.

Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the unit holder the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and/or to freeze the folios of the investor(s), reject any application(s) / allotment of units.
## D. DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>&quot;AMC&quot; or &quot;Asset Management Company&quot; or &quot;Investment Manager&quot;</td>
<td>Axis Asset Management Company Limited, incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Axis Mutual Fund.</td>
</tr>
<tr>
<td>&quot;Applicable NAV&quot;</td>
<td>The NAV applicable for purchase or redemption or Switching of Units based on the time of the Business Day on which the application is time stamped.</td>
</tr>
<tr>
<td>&quot;Book Closure&quot;</td>
<td>The time during which the Asset Management Company would temporarily suspend Sale, redemption and Switching of Units.</td>
</tr>
<tr>
<td>&quot;Business Day&quot;</td>
<td>A day other than: (i) Saturday and Sunday; (ii) A day on which the banks in Mumbai and/or RBI are closed for business/clearing; (iii) A day on which the National Stock Exchange of India Limited and/or the Stock Exchange, Mumbai are closed; (iv) A day which is a public and/or bank holiday at an Investor Service Centre/Official Point of Acceptance where the application is received; (v) A day on which Sale/Redemption/Switching of Units is suspended by the AMC; (vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time; The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres/Official Points of Acceptance.</td>
</tr>
<tr>
<td>&quot;Business Hours&quot;</td>
<td>Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be applicable from time to time.</td>
</tr>
<tr>
<td>&quot;Custodian&quot;</td>
<td>A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Deutsche Bank AG.</td>
</tr>
<tr>
<td>&quot;Depository&quot;</td>
<td>Depository as defined in the Depositories Act, 1996 (22 of 1996).</td>
</tr>
<tr>
<td>&quot;Derivative&quot;</td>
<td>Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences.</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>&quot;Dividend&quot;</td>
<td>Income distributed by the Mutual Fund on the Units.</td>
</tr>
<tr>
<td>&quot;Equity related Instrument&quot;</td>
<td>&quot;Equity related Instrument&quot; includes convertible bonds and debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other like instrument.</td>
</tr>
<tr>
<td>&quot;FII&quot;</td>
<td>Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.</td>
</tr>
<tr>
<td>&quot;Gilts&quot; or &quot;Government Securities&quot;</td>
<td>Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time.</td>
</tr>
<tr>
<td>&quot;GOI&quot;</td>
<td>Government of India</td>
</tr>
<tr>
<td>&quot;Holiday&quot;</td>
<td>Holiday means the day(s) on which the banks (including the Reserve Bank of India) are closed for business or clearing in Mumbai or their functioning is affected due to a strike/bandh call made at any part of the country or due to any other reason.</td>
</tr>
<tr>
<td>&quot;Investment Management Agreement&quot;</td>
<td>The agreement dated June 27, 2009 entered into between Axis Mutual Fund Trustee Limited and Axis Asset Management Company Limited, as amended from time to time.</td>
</tr>
<tr>
<td>&quot;Investor Service Centres&quot; or &quot;ISCs&quot;</td>
<td>Offices of Axis Asset Management Company Limited or such other centres/offices as may be designated by the AMC from time to time.</td>
</tr>
<tr>
<td>&quot;Load&quot;</td>
<td>In the case of Redemption/ Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption/ Switch out (Exit Load) and in the case of Sale/ Switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale/ Switch in of a Unit (Entry Load) in addition to the Applicable NAV. Presently, entry load cannot be charged by mutual fund schemes.</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>Maturity Date is the date on which scheme completes three to five years of lock in period (and if that day is not business day, then next business day).</td>
</tr>
<tr>
<td>&quot;Money Market Instruments&quot;</td>
<td>Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.</td>
</tr>
<tr>
<td>&quot;Mutual Fund&quot; or &quot;the Fund&quot;</td>
<td>Axis Mutual Fund, a trust set up under the provisions</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
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<td>---------------------------------------------</td>
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</tr>
<tr>
<td>“Net Asset Value” or “NAV”</td>
<td>Net Asset Value per Unit of the Scheme, calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI (MF) Regulations from time to time.</td>
</tr>
<tr>
<td>“NRI”</td>
<td>A Non-Resident Indian or a Person of Indian Origin residing outside India.</td>
</tr>
<tr>
<td>“Official Points of Acceptance”</td>
<td>Places, as specified by AMC from time to time where application for Subscription / Redemption / Switch will be accepted on ongoing basis.</td>
</tr>
<tr>
<td>“Person of Indian Origin”</td>
<td>A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).</td>
</tr>
<tr>
<td>Qualified Foreign Investor (QFI)</td>
<td>QFI shall mean a person who fulfills the following criteria:</td>
</tr>
<tr>
<td></td>
<td>(i) Resident in a country that is a member of Financial Action Task Force (FATF) or a member of a group which is a member of FATF; and</td>
</tr>
<tr>
<td></td>
<td>(ii) Resident in a country that is a signatory to IOSCO’s MMOU (Appendix A Signatories) or a signatory of a bilateral MOU with SEBI:</td>
</tr>
<tr>
<td></td>
<td>Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on (i) jurisdictions having a strategic Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) deficiencies to which counter measures apply, (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. Provided further such person is not resident in India. Provided further that such person is not registered with SEBI as Foreign Institutional Investor or Sub-account or Foreign Venture Capital Investor.</td>
</tr>
<tr>
<td>Explanation.-For the purposes of this definition:</td>
<td>(1) The term “Person” shall carry the same meaning under section 2(31) of the Income Tax Act, 1961; (2) The phrase “resident in India” shall carry the same meaning as in the Income Tax Act, 1961; (3) “Resident” in a country, other than India, shall mean resident as per the direct tax laws of that country. (4) “Bilateral MoU with SEBI” shall mean a bilateral MoU between SEBI and the overseas regulator that inter</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>&quot;alia&quot;</td>
<td>Provides for information sharing arrangements.</td>
</tr>
<tr>
<td>(5) Member of FATF shall not mean an Associate member of FATF</td>
<td></td>
</tr>
<tr>
<td>&quot;Rating&quot;</td>
<td>Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.</td>
</tr>
<tr>
<td>&quot;RBI&quot;</td>
<td>Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934)</td>
</tr>
<tr>
<td>&quot;Registrar and Transfer Agent&quot; or &quot;Registrar&quot;</td>
<td>Karvy Computershare Pvt. Ltd., Hyderabad, currently acting as registrar to the Scheme, or any other Registrar appointed by the AMC from time to time.</td>
</tr>
<tr>
<td>&quot;Redemption / Repurchase&quot;</td>
<td>Redemption of Units of the Scheme as permitted.</td>
</tr>
<tr>
<td>&quot;Regulatory Agency&quot;</td>
<td>GOI, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund</td>
</tr>
<tr>
<td>&quot;Repo&quot;</td>
<td>Sale/Purchase of Securities with simultaneous agreement to repurchase / resell them at a later date.</td>
</tr>
<tr>
<td>&quot;Statement of Additional Information&quot; or &quot;SAI&quot;</td>
<td>The document issued by Axis Mutual Fund containing details of Axis Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.</td>
</tr>
<tr>
<td>&quot;Sale / Subscription&quot;</td>
<td>Sale or allotment of Units to the Unit holder upon subscription by the Investor / applicant under the Scheme.</td>
</tr>
<tr>
<td>&quot;Scheme&quot;</td>
<td>Axis Opportunities Fund – Series 1 and 2</td>
</tr>
<tr>
<td>&quot;Scheme Information Document&quot;</td>
<td>This document issued by Axis Mutual Fund, offering for Subscription of Units of Axis Opportunities Fund – Series 1 and 2 (including Options there under)</td>
</tr>
<tr>
<td>&quot;SEBI&quot;</td>
<td>Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.</td>
</tr>
<tr>
<td>&quot;SEBI (MF) Regulations&quot; or &quot;Regulations&quot;</td>
<td>Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.</td>
</tr>
<tr>
<td>&quot;Short Selling&quot;</td>
<td>Short selling means selling a stock which the seller does not own at the time of trade.</td>
</tr>
<tr>
<td>&quot;Sponsor&quot;</td>
<td>Axis Bank Limited</td>
</tr>
<tr>
<td>&quot;Switch&quot;</td>
<td>Redemption of a Unit in any Scheme (including the Plans / options therein) of the Mutual Fund against purchase of a Unit in another Scheme (including the Plans/options therein) of the Mutual Fund, subject to completion of Lock-in Period, if any.</td>
</tr>
<tr>
<td>&quot;Stock Lending&quot;</td>
<td>Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.</td>
</tr>
</tbody>
</table>
"Trust Deed"  | The Trust Deed dated June 27, 2009 made by and between Axis Bank Limited and Axis Mutual Fund Trustee Limited thereby establishing an irrevocable trust, called Axis Mutual Fund.

"Trustee" or "Trustee Company" | Axis Mutual Fund Trustee Limited incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the trustee to the Scheme of the Mutual Fund.

"Unit" | The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme.

"Unit holder" or "Investor" | A person holding Units in Axis Opportunities Fund - Series 1 and 2

**INTERPRETATION**

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

- all references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- all references to "dollars" or "$" refer to United States Dollars and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).
- References to a day are to a calendar day including a non Business Day.

**E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

(i) The draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed Scheme.

(iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Place: Mumbai  
Date: February 28, 2014

Signed: Sd/-  
Name: Gopal Menon  
Designation: Head – Compliance, Legal & Secretarial
Note: The aforesaid Due Diligence Certificate dated February 28, 2014 was submitted to the Securities and Exchange Board of India on February 28, 2014.

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

Three to five year close-ended equity scheme

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

To generate long-term capital appreciation from a diversified portfolio of predominantly equity & equity related instruments without any capitalization bias.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (% of net assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity related instruments #</td>
<td>65 -100 %</td>
<td>High</td>
</tr>
<tr>
<td>Debt &amp; Money Market Instruments*#</td>
<td>0 - 35 %</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>


The Scheme may also use derivatives for such purposes as maybe permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. The Scheme may also use fixed income derivative instruments subject to the guidelines as maybe issued by SEBI and RBI and for such purposes as maybe permitted from time to time.

*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 20% of the net assets of the Scheme.

The 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.

**Investment in Short Term Deposits**

Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time.
Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary substantially depending upon the perception of the fund manager; the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and for defensive considerations only. In the event of deviations, the fund manager will carry out rebalancing within 30 Days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Review Committee and reasons for the same shall be recorded in writing. The Investment Review committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.

D. Where will the Scheme invest?

The corpus of the Scheme will be invested in Equity & Equity Related Instruments, Debt Instruments, Money Market Instruments and other permitted securities which will include but not limited to:

**Equity and Equity Related Instruments:**
1. *Equity share* is a security that represents ownership interest in a company.
2. *Equity Related Instruments* are securities which give the holder of the security right to receive Equity Shares on pre agreed terms. It includes convertible bonds, convertible debentures, equity warrants, convertible preference shares, etc.
3. *Equity Derivatives* 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.
4. *Foreign equity and Equity Related Instrument* as may be permitted by SEBI/RBI from time to time.
5. *Equity Derivatives*:

**Futures:**
Futures are exchange-traded contracts to sell or buy financial instruments for future delivery at an agreed price. There is an agreement to buy or sell a specified quantity of financial instrument on a designated future date at a price agreed upon by the buyer and seller at the time of entering into a contract. To make trading possible, the exchange specifies certain standardized features of the contract. A futures contract involves an obligation on both the parties to fulfill the terms of the contract.

SEBI has permitted futures contracts on indices and individual stocks with maturity of 1 month, 2 months and 3 months on a rolling basis. The futures contracts are settled on last Thursday (or immediately preceding trading day if Thursday is a trading holiday) of each month. Currently, the futures are settled in cash. The final settlement price is the closing price of the underlying stock(s)/ index.

**Options:**
Option is a contract which provides the buyer of the option (also called holder) the right, without the obligation, to buy or sell a specified asset at the agreed price on or up to a particular date. For acquiring this privilege, the buyer pays premium (fee) to the seller. The seller on the other hand has the obligation to buy or sell specified asset at the
agreed price and for this obligation he receives premium. The premium is determined considering number of factors such as the market price of the underlying asset/security, number of days to expiry, risk free rate of return, strike price of the option and the volatility of the underlying asset. Option contracts are of two types viz:

**Call Option** - The option that gives the buyer the right but not the obligation to buy specified quantity of the underlying asset at the strike price is a call option. The buyer of the call option (known as the holder of call option) can call upon the seller of the option (writer of the option) and buy from him the underlying asset at the agreed price at any time on or before the expiry of the option.

The seller (writer of the option) on the other hand has the obligation to sell the underlying asset if the buyer of the call option decides to exercise his option to buy.

**Put Option** - The option that gives the buyer the right but not the obligation to sell is called put option. A Put option gives the holder (buyer) the right to sell specified quantity of the underlying asset at the strike price. The seller of the put option (one who is short Put) however, has the obligation to buy the underlying asset at the strike price if the buyer decides to exercise his option to sell.

There are two kind of options based on the date of exercise of right. The first is the European Option which can be exercised only on the maturity date. The second is the American Option which can be exercised on or before the maturity date.

**Debt Instruments & Money Market Instruments**

**Collateralized Borrowing and Lending Obligations (CBLO)**

Collateralized Borrowing and Lending Obligations (CBLO) is a money market instrument that enables entities to borrow and lend against sovereign collateral security. The maturity ranges from 1 day to 90 days and can also be made available up to 1 year. Central Government securities including T-bills are eligible securities that can be used as collateral for borrowing through CBLO.

**Certificate of Deposit (CD) of scheduled commercial banks and development financial institutions**

Certificate of Deposit (CD) is a negotiable money market instrument issued by scheduled commercial banks and select all-India Financial Institutions that have been permitted by the RBI to raise short term resources. The maturity period of CDs issued by the Banks is between 7 days to one year, whereas, in case of FIs, maturity is one year to 3 years from the date of issue.

**Commercial Paper (CP)**

Commercial Paper (CP) is an unsecured negotiable money market instrument issued in the form of a promissory note, generally issued by the corporates, primary dealers and all India Financial Institutions as an alternative source of short term borrowings. CP is traded in secondary market and can be freely bought and sold before maturity.

**Treasury Bill (T-Bill)**
Treasury Bills (T-Bills) are issued by the Government of India to meet their short term borrowing requirements. T-Bills are issued for maturities of 14 days, 91 days, 182 days and 364 days.

Bill (bills of exchange/promissory notes of public sector and private sector corporate entities) Rediscounting

Repos

Repo (Repurchase Agreement) or Reverse Repo is a transaction in which two parties agree to sell and purchase the same security with an agreement to purchase or sell the same security at a mutually decided future date and price. The transaction results in collateralized borrowing or lending of funds.

The scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

Securities created and issued by the Central and State Governments as may be permitted by RBI, securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills). State Government securities (popularly known as State Development Loans or SDLs) are issued by the respective State Government in co-ordination with the RBI.

Non convertible debentures and bonds

Non convertible debentures as well as bonds are securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies which may or may not carry a Central/State Government guarantee, Public and private sector banks, all India Financial Institutions and Private Sector Companies. These instruments may be secured or unsecured against the assets of the Company and generally issued to meet the short term and long term fund requirements.

The scheme may also invest in the non-convertible part of convertible debt securities.

Floating rate debt instruments

Floating rate debt instruments are instruments issued by Central / state governments, corporates, PSUs, etc. with interest rates that are reset periodically.

Securitized Assets: Securitization is a structured finance process which involves pooling and repackaging of cashflow producing financial assets into securities that are then sold to investors. They are termed as Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS). ABS are backed by other assets such as credit card, automobile or consumer loan receivables, retail installment loans or participations in pools of leases. Credit support for these securities may be based on the underlying assets and/or provided through credit enhancements by a third party. MBS is an asset backed security whose cash flows are backed by the principal and interest payments of a set of mortgage loans. Such Mortgage could be either residential or commercial properties. ABS/MBS instrument reflect the undivided interest in the underlying assets and do not
represent the obligation of the issuer of ABS/MBS or the originator of underlying receivables. Securitization often utilizes the services of SPV.

**Pass through Certificate (PTC)**
(Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations.

The following are certain additional disclosures w.r.t. investment in securitized debt:

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

Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However, it differs in two respects.

Typically, the liquidity of securitized debt is less than similar debt securities. For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the reinvestment rates are lower than initially envisaged.

Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified in the asset allocation table above.

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

The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. The key risk is that of the underlying assets and not of the originator. For example, losses or performance of earlier issuances does not indicate quality of current series. However, such past performance may be used as a guide to evaluate the loan standards, servicing capability and performance of the originator.

Originators may be: Banks, Non Banking Finance Companies, Housing Finance Companies, etc. The fund manager / credit analyst evaluates originators based on the following parameters:
- 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 the credit rating agency.

The following additional evaluation parameters are used as applicable for the originator / underlying issuer for pool loan and single loan securitization transactions:

- 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 rescheduling 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.

3. Risk mitigation strategies for investments with each kind of originator

An analysis of the originator is especially important in case of retail loans as the size and reach affects the credit quality and servicing of the PTC. In addition, the quality of the collection process, infrastructure and follow-up mechanism; quality of MIS; and credit enhancement mechanism are key risk mitigants for the better originators/ servicers.

In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to determine the credit risk. The credit analyst looks at ageing (i.e. how long the loan has been with the originator before securitization) as one way of evaluating the performance potential of the PTC. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity / subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and / or guarantees.

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

In case of securitization involving single loans or a small pool of loans, the credit risk of the borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to determine the credit risk.

The credit analyst looks at ageing (i.e. how long the loan has been with the originator before securitization) as one way of judging the performance potential of the PTC. Additional risk mitigants may include interest subvention, over collateralization, presence of an equity / subordinate tranche and / or guarantees. The credit analyst also uses analyses by credit rating agencies on the risk profile of the securitized debt.
Currently, the following parameters are used while evaluating investment decision relating to a pool securitization transaction. The Investment Review Committee may revise the parameters from time to time.

<table>
<thead>
<tr>
<th>Characteristics/Type of Pool</th>
<th>Mortgage Loan</th>
<th>Commercial Vehicle and Construction Equipment</th>
<th>CAR 2 wheelers</th>
<th>Micro Finance Pools*</th>
<th>Personal Loans*</th>
<th>Single Sell Downs</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximate Average maturity (in Months)</td>
<td>Up to 10 years</td>
<td>Up to 3 years</td>
<td>Up to 3 years</td>
<td>NA</td>
<td>NA</td>
<td>Refer Note 1</td>
<td>Refer Note 2</td>
</tr>
<tr>
<td>Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)</td>
<td>&gt;10%</td>
<td>&gt;10%</td>
<td>&gt;10%</td>
<td>&gt;10%</td>
<td>NA</td>
<td>NA</td>
<td>&quot; &quot;</td>
</tr>
<tr>
<td>Average Loan to Value Ratio</td>
<td>&lt;90%</td>
<td>&lt;80%</td>
<td>&lt;80%</td>
<td>&lt;80%</td>
<td>NA</td>
<td>NA</td>
<td>&quot; &quot;</td>
</tr>
<tr>
<td>Average seasoning of the Pool</td>
<td>&gt;3 months</td>
<td>&gt;3 months</td>
<td>&gt;3 months</td>
<td>NA</td>
<td>NA</td>
<td>&quot; &quot;</td>
<td></td>
</tr>
<tr>
<td>Maximum single exposure range</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>NA</td>
<td>NA</td>
<td>&quot; &quot;</td>
</tr>
<tr>
<td>Average single exposure range %</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>NA</td>
<td>NA</td>
<td>&quot; &quot;</td>
</tr>
</tbody>
</table>

* Currently, the Schemes will not invest in these types of securitized debt

Note 1: In case of securitization involving single loans or a small pool of loans, the credit risk of the borrower is analyzed. The investment limits applicable to the underlying borrower are applied to the single loan sell-down.

2: Other investments will be decided on a case-to-case basis

The credit analyst may consider the following risk mitigating measures in his analysis of the securitized debt:

- Size of the loan
- Average original maturity of the pool
- Loan to Value Ratio
- Average seasoning of the pool
- Default rate distribution
- Geographical Distribution
- Credit enhancement facility
- Liquid facility
- Structure of the pool

5. Minimum retention period of the debt by originator prior to securitization

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the
tenor of the securitization transaction. The Fund will invest in securitized debt that are compliant with the laws and regulations.

6. Minimum retention percentage by originator of debts to be securitized

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenor and structure of the securitization transaction. The Fund will invest in securitized debt that are compliant with the laws and regulations.

7. 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 key risk is securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the fund is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Review Committee (IRC) of the asset management company and IRC shall review the same at regular interval.

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

The fund management team including the credit analyst has the experience to analyze securitized debt. In addition, credit research agencies provide analysis of individual instruments and pools. On an on-going basis (typically monthly) the servicer provides reports regarding the performance of the pool. These reports would form the base for ongoing evaluation where applicable. In addition, rating reports indicating rating changes would be monitored for changes in rating agency opinion of the credit risk.

When issued

When, as and if issued’ (commonly known as “when-issued” (WI) security) refers to a security that has been authorized for issuance but not yet actually issued. WI trading takes place between the time a new issue is announced and the time it is actually issued. All “when issued” transactions are on an “if” basis, to be settled if and when the actual security is issued.

SEBI has on April 16, 2008 in principle allowed Mutual Funds to undertake ‘When Issued (WI)’ transactions in Central Government securities, at par with other market participants.

• Open Position in the ‘WI’ market are subject to the following limits:

<table>
<thead>
<tr>
<th>Category</th>
<th>Reissued Security</th>
<th>Newly Issued Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-PDs</td>
<td>Long Position, not exceeding 5 percent of the notified amount.</td>
<td>Long Position, not exceeding 5 percent of the notified amount.</td>
</tr>
</tbody>
</table>
Debt derivative instruments:

**Interest Rate Swap** - An Interest Rate Swap (IRS) is a financial contract between two parties exchanging or swapping a stream of interest payments for a “notional principal” amount on multiple occasions during a specified period. Such contracts generally involve exchange of a “fixed to floating” or “floating to fixed rate” of interest. Accordingly, on each payment date that occurs during the swap period, cash payments based on fixed/ floating and floating rates are made by the parties to one another.

**Forward Rate Agreement** - A Forward Rate Agreement (FRA) is a financial contract between two parties to exchange interest payments for a ‘notional principal’ amount on a settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract (fixed) and the settlement rate, are made by the parties to one another. The settlement rate is the agreed bench-mark/ reference rate prevailing on the settlement date.

**Interest Rate Futures (as and when permitted):**

A futures contract is a standardized, legally binding agreement to buy or sell a commodity or a financial instrument in a designated future month at a market determined price (the futures price) by the buyer and seller. The contracts are traded on a futures exchange. An Interest Rate Future is a futures contract with an interest bearing instrument as the underlying asset.

**Characteristics of Interest Rate Futures**

1. Obligation to buy or sell a bond at a future date
2. Standardized contract.
3. Exchange traded
4. Physical settlement
5. Daily mark to market

**Investments in units of mutual fund schemes**

The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds in conformity with the investment objective of the Scheme and in terms of the prevailing SEBI (MF) Regulations.

Pending deployment of funds as per the investment objective of the Scheme, the funds may be parked in short term deposits of the Scheduled Commercial Banks, subject to guidelines and limits specified by SEBI.

The securities/ instruments mentioned above and such other securities the Scheme is permitted to invest in could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity.

The securities may be acquired through initial public offering (IPOs), secondary market, private placement, rights offers, negotiated deals. Further investments in debentures, bonds and other fixed income securities will be in instruments which have been assigned investment grade rating by the Credit Rating Agency.
Investment in unrated debt instruments shall be subject to complying with the provisions of Regulations and within the limit as specified in Schedule VII to the Regulations. Pursuant to SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

For applicable regulatory investment limits please refer paragraph “Investment Restrictions.”

Details of various derivative instruments along with derivative strategies have been provided under the section “Derivatives Strategy”

The Fund Manager may invest in any other security as maybe permitted from time to time and which are in line with the investment objectives of the Scheme.

E. WHAT ARE THE INVESTMENT STRATEGIES

The scheme intends to generate long-term capital appreciation from a diversified portfolio of predominantly equity & equity related instruments without any capitalization bias.

The portfolio will be built utilizing a bottom-up stock selection process, focusing on appreciation potential of individual stocks from a fundamental perspective. The AMC employs a “Fair value” based research process to analyze the appreciation potential of each stock in its universe (Fair value is a measure of the intrinsic worth of a company). The universe of stocks is carefully selected to include companies having a robust business models and enjoying sustainable competitive advantages as compared to their competitors.

The scheme by utilizing a holistic risk management strategy will endeavor to manage risks associated with investing in equity markets. The scheme has identified the following risks and designed risk management strategies, which are embedded in the investment process to manage these risks:

i. Quality Risk - Risk of investing in unsustainable / weak companies.
ii. Price Risk - Risk of overpaying for a company
iii. Liquidity Risk - High Impact cost of entry and exit
iv. Volatility Risk - Volatility in price due to company or portfolio specific factors
v. Event Risk - Price risk due to a company / sector specific or market event

PORTFOLIO TURNOVER

Given the nature of the scheme, the portfolio turnover ratio may be very high. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. The effect of higher portfolio turnover ratio could be higher brokerage and transaction costs.
RISK CONTROL

Risk management is going to be an integral part of the investment process. Effective risk management is critical to fund management for achieving financial soundness.

The AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process, which would be periodically evaluated. Investments by the Scheme shall be made as per the investment objectives of the Scheme and provisions of SEBI regulations. AMC has implemented the Bloomberg Portfolio Order Management System as Front Office System (FOS). The system has incorporated all the investment restrictions as per SEBI guidelines and “soft” warning alerts at appropriate levels for preemptive monitoring. The system enables identifying & measuring the risk through various risk measurement tools like various risk ratios, average duration and analyzes the same and acts in a preventive manner.

The AMC has experienced investment professionals to help limit investment universe to carefully selected high quality businesses. The fund manager would also consider hedging the portfolios in case of predictable events with uncertain outcomes.

The Scheme would invest in a diversified portfolio of equity and equity related securities which would help alleviate the sector/market capitalization related concentration risk.

DERIVATIVES STRATEGY

The Scheme may invest in various derivative instruments which are permissible under the applicable regulations. Such investments shall be subject to the investment objective and strategy of the Scheme and the internal limits if any, as laid down from time to time. These include but are not limited to futures (both stock and index) and options (stock and index).

Derivatives are financial contracts of pre-determined fixed duration, like stock futures/options and index futures and options, whose values are derived from the value of an underlying primary financial instrument such as: interest rates, exchange rates, commodities, and equities.

Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on stock exchanges whereas OTC derivative transactions are generally structured between two counterparties.

The objectives of the various strategies include earning option premium / hedge stock / portfolio against market gyrations.

The risks associated with derivatives are similar to those associated with underlying investments. The additional risks of using derivative strategies could be on account of:

- Illiquidity;
- Potential mis-pricing of the Futures/Options;
- Lack of opportunity
- Inability of derivatives to correlate perfectly with the underlying (Indices, Assets, Exchange Rates);
- Cost of hedge can be higher than adverse impact of market movements;
- An exposure to derivatives in excess of the hedging requirements can lead to losses;
• An exposure to derivatives can also limit the profits from a genuine investment transaction.
• The prices which are seen on the screen need not be the same at which execution will take place.
• In case of option writing, the downside of the strategy could be more than the option premium earned.

For detailed risks associated with use of derivatives, please refer paragraph “Scheme Specific Risk Factors”

Exchange traded derivative contracts in stocks and indices in India are currently cash settled at the time of maturity.

Concepts and Examples of derivatives which may be used by the fund manager:

**Futures**

Futures (Index & Stocks) are forward contracts traded on the exchanges & have been introduced both by BSE and NSE. Generally futures of 1 month (near month), 2 months (next month) and 3 months (far month) are presently traded on these exchanges. These futures expire on the last working Thursday of the respective months.

**Illustration with Index Futures**

In case the Nifty near month future contract is trading at say, Rs. 3,510, and the fund manager has a view that it will depreciate going forward; the Scheme can initiate a sale transaction of Nifty futures at Rs. 3,510 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to Rs. 3,400 after say, 20 days, the Scheme can initiate a square-up transaction by buying the said futures and book a profit of Rs. 110.

Correspondingly, if the fund manager has a positive view he can initiate a long position in the index /stock futures without an underlying cash/ cash equivalent subject to the extant regulations.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. The profitability of index /stock future as compared to an individual security will inter-alia depend upon:

• The carrying cost,
• The interest available on surplus funds, and
• The transaction cost.

**Example of a typical future trade and the associated costs**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Index Future</th>
<th>Actual Purchase of Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index at the beginning of the month</td>
<td>3500</td>
<td>3500</td>
</tr>
<tr>
<td>Price of 1 month future</td>
<td>3510</td>
<td></td>
</tr>
<tr>
<td>A. Execution cost: Carry and other index future costs</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>B. Brokerage cost: Assumed at</td>
<td>7.02</td>
<td>8.75</td>
</tr>
</tbody>
</table>
0.2% of Index Future | 0.25% for spot Stocks
---|---
C. Gains on surplus fund: (Assumed 8% p.a. return on 85% of the money left after paying 15% margin) | 19.56 | 0
(8%*3500*85%*30 days/365)
Total Cost (A+B-C) | -2.54 | 8.75

Some strategies that employ stock/index futures and their objectives:

(a) Arbitrage

(1) **Selling spot and buying future:** In case the Scheme holds the stock of a company “A” at say Rs. 100 while in the futures market it trades at a discount to the spot price say at Rs. 98, then the Scheme may sell the stock and buy the futures.

On the date of expiry of the stock future, the Scheme may reverse the transactions (i.e. buying at spot & selling futures) and earn a risk-free Rs. 2 (2% absolute) on its holdings without any dilution of the view of the fund manager on the underlying stock.

Further, the Scheme can still benefit from any movement of the price in the upward direction, i.e. if on the date of expiry of the futures, the stock trades at Rs. 110 which would be the price of the futures too, the Scheme will have a benefit of Rs 10 whereby the Scheme gets the 10% upside movement together with the 2% benefit on the arbitrage and thus getting a total return of 12%. The corresponding return in case of holding the stock would have been 10%.

Note: The same strategy can be replicated with a basket of Nifty- 50 stocks (Synthetic Nifty) and the Nifty future index.

(2) **Buying spot and selling future:** Where the stock of a company “A” is trading in the spot market at Rs. 100 while it trades at Rs. 102 in the futures market, then the Scheme may buy the stock at spot and sell in the futures market thereby earning Rs. 2.

Buying the stock in cash market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts when there is a convergence between the cash market and the futures market. This convergence enables the Scheme to generate the arbitrage return locked in earlier.

(b) **Buying/ Selling Stock future:**

When the Scheme wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, then the Scheme may just buy the futures contract instead of the spot thereby benefiting from a lower cost.

In case the Scheme has a bearish view on a stock which is trading in the spot market at Rs.98 and the futures market at say Rs. 100, the Scheme may subject to regulations, initiate a short position in the futures contract. In case the prices align with the view and
the price depreciates to say Rs. 90, the Scheme can square up the short position thereby
earning a profit of Rs. 10 vis a vis a fall in stock price of Rs. 8.

(c) Hedging:
The Scheme may use exchange-traded derivatives to hedge the equity portfolio. Both
index and stock futures and options may be used to hedge the stocks in the portfolio.

(d) Alpha Strategy:
The Scheme will seek to generate alpha by superior stock selection and removing market
risks by selling appropriate index. For example, one can seek to generate positive alpha
by buying a bank stock and selling Bank Nifty future.

Execution of these strategies depends upon the ability of the fund manager to identify
and execute based on such opportunities. These involve significant uncertainties 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.

Option Contracts (Stock and Index)
An Option gives the buyer the right, but not the obligation, to buy (call) or sell (put) a
stock at an agreed-upon price during a certain period of time or on a specific date.

Options are used to manage risk or as an investment to generate income. The price at
which underlying security is contracted to be purchased or sold is called the Strike Price.
Options that can be exercised on or before the expiration date are called American Options while, Options that can be exercised only on the expiration date are called
European Options.

<table>
<thead>
<tr>
<th>Stock / Index Options</th>
<th>Buy Call</th>
<th>Sell Call</th>
<th>Buy Put</th>
<th>Sell Put</th>
</tr>
</thead>
<tbody>
<tr>
<td>View on underlying</td>
<td>Positive</td>
<td>Negative</td>
<td>Negative</td>
<td>Positive</td>
</tr>
<tr>
<td>Premium</td>
<td>Pay</td>
<td>Pay</td>
<td>Pay</td>
<td>Receive</td>
</tr>
<tr>
<td>Risk Potential</td>
<td>Limited to premium paid</td>
<td>Unlimited</td>
<td>Limited to premium paid</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Return Potential</td>
<td>Unlimited</td>
<td>Premium Received</td>
<td>Unlimited</td>
<td>Premium Received</td>
</tr>
</tbody>
</table>

Option contracts are of two types - Call and Put.

**Call Option:** A call option gives the buyer, the right to buy specified quantity of the
underlying asset at the set strike price on or before expiration date and the seller (writer)
of call option however, has the obligation to sell the underlying asset if the buyer of the
call option decides to exercise the option to buy.

**Put Option:** A put option gives the buyer the right to sell specified quantity of the
underlying asset at the set strike price on or before expiration date and the seller (writer)
of put option however, has the obligation to buy the underlying asset if the buyer of the
put option decides to exercise his option to sell.
Index Options / Stock Options
Index options / Stock options are termed to be an efficient way of buying / selling an index/stock compared to buying / selling a portfolio of physical shares representing an index for ease of execution and settlement. The participation can be done by buying / selling either Index futures or by buying a call/put option.

The risk are also different when index /stock futures are bought/sold visa- a- vis index/stocks options as in case of an index future there is a mark to market variation and the risk is much higher as compared to buying an option, where the risk is limited to the extent of premium paid.

The illustration below explains how one can gain using Index call / put option. These same principles of profit / loss in an Index option apply in toto to that for a stock option.

Call Option
Suppose an investor buys a Call option on 1 lot of CNX Nifty (Lot Size: 50 units)
• Nifty index (European option).
• Nifty 1 Lot Size: 50 units
• Spot Price (S): 3500
• Strike Price (x): 3550 (Out-of-Money Call Option)
• Premium: 100
Total Amount paid by the investor at premium [50*100] =5000
There are two possibilities i.e. either the index moves up over the strike price or remains below the strike price.

Case 1- The index goes up
• An investor sells the Nifty Option described above before expiry:
Suppose the Nifty index moves up to 3600 in the spot market and the premium has moved to Rs 200 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty call option as the option now is In The Money.
His gains are as follows:
• Nifty Spot: 3600
• Current Premium: Rs.200
• Premium paid: Rs.100
• Net Gain: Rs.200- Rs.100 =Rs.100 per unit
• Total gain on 1 lot of Nifty (50 units) =Rs.5000 (50*100)
In this case the premium of Rs.200 has an intrinsic value of Rs.50 per unit and the remaining Rs.150 is the time value of the option.

• An investor exercises the Nifty Option at expiry
Suppose the Nifty index moves up to 3700 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty call option as the option now is in The Money.
His gains are as follows:
• Nifty Spot: 3700
• Premium paid: Rs.100
• Exercise Price: 3550
• Receivable on exercise: 3700-3550 =150
• Total Gain: Rs.2500 {(150-100)*50}
In this case the realised gain is only the intrinsic value, which is Rs.50, and there is no time value.

**Case 2 - The Nifty index moves to any level below 3550**
Then the investor does not gain anything but on the other hand his loss is limited to the premium paid:
Net Loss is Rs.5000 (Loss is capped to the extent of Premium Paid)
(Rs 100 Premium paid*Lot Size: 50 units).

**Put Option**
Suppose an investor buys a Put option on 1 lot of CNX Nifty.
- Nifty 1 Lot Size: 50 units
- Spot Price (S): 3500
- Strike Price (x): 3450 (Out-of-Money Put Option)
- Premium: 30
- Total Amount paid by the investor as premium [50*30] = 1500

There are two possibilities i.e. either the index moves over the strike price or moves below the strike price.
Let us analyze these scenarios.

**Case 1 - The index goes down**
- An investor sells the Nifty Option before expiry:
  Suppose the Nifty index moves down to 3400 in the spot market and the premium has moved to Rs. 80 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty Put Option as the option now is In The Money. His gains are as follows:
  - Nifty Spot: 3400
  - Premium paid: Rs.30
  - Net Gain: Rs.80 - Rs.30 = Rs.50 per unit
  - Total gain on 1 lot of Nifty (50 units) = Rs.2500
  In this case the premium of Rs.80 has an intrinsic value of Rs.50 per unit and the remaining Rs.30 is the time value of the option.

An investor exercises the Nifty Option at expiry (It is an European Option)
Suppose the Nifty index moves down to 3400 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty Put Option as the option now is In The Money.
His gains are as follows:
- Nifty Spot: 3400
- Premium paid: Rs.30
- Exercise Price: 3450
- Gain on exercise: 3450-3400 = 50
- Total Gain: Rs.1000

In this case the realised amount is only the intrinsic value, which is Rs.50, and there is no time value in this case.

**Case 2 - If the Nifty index stays over the strike price which is 3450, in the spot market then the investor does not gain anything but on the other hand his loss is limited to the premium paid.**
- Nifty Spot: >3450
- Net Loss Rs.1500 (Loss is capped to the extent of Premium Paid)
Some strategies employing options

1. Covered Call Strategy:
The covered call strategy is one where the fund manager writes call options against an equivalent long position in the underlying security thereby locking in the returns instead of keeping the position open. This strategy allows fund managers to earn premium income in addition to returns locked in from the long underlying.

2. Writing a Put Option:
The Scheme writes a put option with the strike price of Rs. 500 and earns a premium of say Rs. 30. In case the stock trades at Rs. 450, the put option will be exercised and the Scheme will earn the premium of Rs.30 but will lose the difference between the exercise price and the market price which is Rs.50 thus losing Rs 20 in the process. Where the stock trades at above the exercise price, the option holder will not exercise the option and let it expire. In this case, the Scheme will earn the premium income of Rs. 30.

Correspondingly the fund manager may earn premium and reduce his cost of holding by selling put of lower denomination to the current market price and squaring off the transaction when the market price of the underlying reaches his fair value. He earns premium income if the security remains over his strike price till expiry of the duration of the option contract.

Investment in Fixed Income Derivative Instruments:
The Scheme may use Derivative instruments like interest rate swaps like overnight indexed swaps (OIS), forward rate agreements, interest rate futures(as and when permitted) or such other Derivative instruments as may be permitted under the applicable regulations. Derivatives will be used for the purpose of hedging, and portfolio balancing or such other purpose as may be permitted under the regulations and Guidelines from time to time.

The Fund will be allowed to take exposure in interest rate swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio. In terms of Circular No. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999-2000 dated November 1, 1999 and July 7, 1999 respectively issued by RBI permitting participation by Mutual Funds in interest rate swaps and forward rate agreements, the Fund will use Derivative instruments for the purpose of hedging and portfolio balancing. The Fund may also use derivatives for such purposes as maybe permitted from time to time. Further, the guidelines issued by RBI from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to by the Mutual Fund.

IRS and FRAs do also have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Investments in Derivatives will be in accordance with the extant SEBI regulations / guidelines. Presently Derivatives shall be used for hedging and / or portfolio balancing purposes, as permitted under the Regulations. The circumstances under which such transactions would be entered into would be when, for example using the IRS route it is possible to generate better returns / meet the objective of the Scheme at a lower cost.
e.g. if buying a 2 Yr Mibor based instrument and receiving the 2 Yr swap rate yields better return than the 2 Yr AAA corporate, the Scheme would endeavor to do that. Alternatively, the Scheme would also look to hedge existing fixed rate positions if the view on interest rates is that it would likely rise in the future.

The following information provides a basic idea as to the nature of the Derivative instruments proposed to be used by the Fund and the benefits and risks attached therewith. Please note that the examples have been given for illustration purposes only.

**Using Overnight Indexed Swaps**

In a rising interest rate scenario, the Scheme may enhance returns for the Investor by hedging the risk on its fixed interest paying assets by entering into an OIS contract where the Scheme agrees to pay a fixed interest rate on a specified notional amount, for a predetermined tenor and receives floating interest rate payments on the same notional amount. The fixed returns from the Scheme assets and the fixed interest payments to be made by the Scheme on account of the OIS transaction offset each other and the Scheme benefits on the floating interest payments that it receives. The Scheme may enter into an opposite position in case of a falling interest rate scenario, i.e. to hedge the floating rate assets in its portfolio the Scheme enters into an OIS transaction wherein it receives a fixed interest rate on a specified notional amount for a specified time period and pays a floating interest rate on the same notional amount. The floating interest payments that the Scheme receives on its floating rate securities and the floating interest payments that the Scheme has to pay on account of the OIS transaction offset each other and the Scheme benefits on the fixed interest payments that it receives in such a scenario.

**Swap**

Assume that the Scheme has a Rs. 20 crore floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 12%) and pays the “benchmark rate” (MIBOR), which is fixed by the National Stock Exchange or any other agency such as Reuters. This swap would effectively lock-in the rate of 12% for the next 6 months, eliminating the daily interest rate risk. This transaction is usually routed through an intermediary who runs a book and matches deals between various counterparties. The steps will be as follows:

Assuming the swap is for Rs. 20 Crores for June 1, 2009 to December 1, 2009. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).

On June 1, 2009 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA) norms.

On a daily basis, the benchmark rate fixed by BSE will be tracked by them.

On December 1, 2009 they will calculate the following:
• The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 184 days i.e. Rs. 1.21 Crores, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
• The counterparty is entitled to receive daily compounded call rate for 184 days & pay 12% fixed.
• On December 1, 2009, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 1.21 Crores, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.
• Effectively the Scheme earns interest at the rate of 12% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 Crores, without borrowing for 6 months fixed.

The above example illustrates the use of Derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

**Forward Rate Agreement**

Assume that on June 30, 2009, the 30 day commercial paper (CP) rate is 4% and the Scheme has an investment in a CP of face value Rs. 50 Crores, which is going to mature on July 31, 2009. If the interest rates are likely to remain stable or decline after July 31, 2009, and if the fund manager, who wants to re-deploy the maturity proceeds for 1 more month does not want to take the risk of interest rates going down, he can then enter into a following Forward Rate Agreement (FRA) say as on June 30, 2009:

He can receive 1 X 2 FRA on June 30, 2009 at 4.00% (FRA rate for 1 months lending in 1 months time) on the notional amount of Rs. 50 Crores, with a reference rate of 30 day CP benchmark. If the CP benchmark on the settlement date i.e. July 30, 2009 falls to 3.75% then the Scheme receives the difference 4.00 – 3.75 i.e. 25 basis points on the notional amount Rs. 50 Crores.

**Interest Rate Futures**

Assume that the Fund holds an Indian ten year benchmark and the fund manager has a view that the yields will go up in the near future leading to decrease in value of the investment and subsequent decrease in Net Asset Value of the fund. The fund house decides to use Interest Rate Futures to mitigate the risk of decline of Net Asset Value of the fund.

**12th October 2009**

• The benchmark ten year paper 6.88 2009, is trading at INR 98.00 at a yield of 7.19%
• December 2009 futures contract on the ten year notional 7% coupon bearing Government paper is trading at a yield of 7.29% at a price of INR 98.50.
• The mutual fund decides to hedge the exposure by taking a short position in December 2009 interest rate futures contract.
25th November 2009

- As expected by the fund manager the yield of the benchmark ten year paper has increased to 8% and the price has decreased to 92.70.
- The December 2009 futures contract is trading at a price of INR 93.17 indicating a yield of 8.05%
- The mutual fund unwinds the short position by buying the December 2009 futures contract. The transaction results in profit from the futures position, against the corresponding loss from the Government of India security position.

For details of risk factors relating to use of Derivatives, the investors are advised to refer to Scheme Specific Risk Factors.

Debt and Money Markets in India

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities (G-Secs) market, with market capitalization of Rs2,472,643 cr as at April 2012 (State Govt securities – Rs 7,61,001 cr, Source: NSE), is the oldest and the largest component (57% share in market cap) of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Secs market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc.

The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. The market capitalization of corporate debt market as on April 2012 is Rs. 7,96,317 Cr (Source: NSE). A large part of the issuance in the non-Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and nongovernment debt vary from time to time. Instruments that comprise a major portion of money market activity include but not limited to:
• Overnight Call
• Collateralised Borrowing & Lending Obligations (CBLO)
• Repo/Reverse Repo Agreement
• Treasury Bills
• Government securities with a residual maturity of < 1 year.
• Commercial Paper
• Certificate of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market Instruments, PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The market has evolved in past 2-3 years in terms of risk premia attached to different class of issuers. Bank CDs have clearly emerged as popular asset class with increased acceptability in secondary market. PSU banks trade the tightest on the back of comfort from majority government holding. Highly rated manufacturing companies also command premium on account of limited supply. However, there has been increased activity in papers issued by private/foreign banks/NBFCs/companies in high-growth sector due to higher yields offered by them. Even though companies across these sectors might have been rated on a same scale, the difference in the yield on the papers for similar maturities reflects the perception of their respective credit profiles.

The following table gives approximate yields prevailing on February 13, 2014 on some of the instruments and further illustrates this point.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Current Yield range (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBLO</td>
<td>7.90-8.00</td>
</tr>
<tr>
<td>Repo</td>
<td>7.90-8.00</td>
</tr>
<tr>
<td>3m Tbill</td>
<td>8.95-9.00</td>
</tr>
<tr>
<td>1Y Tbill</td>
<td>8.95-9.00</td>
</tr>
<tr>
<td>10Y gsec</td>
<td>8.85-8.90</td>
</tr>
<tr>
<td>3m PSU Bank CD</td>
<td>9.75-9.80</td>
</tr>
<tr>
<td>3m Manufacturing co. CP</td>
<td>10.15-10.25</td>
</tr>
<tr>
<td>1Y PSU Bank CD</td>
<td>9.70-9.75</td>
</tr>
<tr>
<td>1Y NBFC CP</td>
<td>10.00-10.05</td>
</tr>
<tr>
<td>1Y Manufacturing co. CP</td>
<td>9.95-10.00</td>
</tr>
<tr>
<td>5Y AAA Institutional Bond</td>
<td>9.85-9.90</td>
</tr>
<tr>
<td>10Y AAA Institutional Bond</td>
<td>9.80-9.85</td>
</tr>
</tbody>
</table>

Source: Bloomberg

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.
INVESTMENT BY THE AMC IN THE SCHEME

Subject to the Regulations, the AMC may invest either directly or indirectly, in the Scheme during the NFO. However, the AMC shall not charge any investment management fee on such investment in the Scheme.

F: FUNDAMENTAL ATTRIBUTES

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

(i) Type of a Scheme - Three to five year close ended debt scheme

(ii) Investment Objective -

To generate long-term capital appreciation from a diversified portfolio of predominantly equity & equity related instruments without any capitalization bias.

(iii) Terms of Issue

- Liquidity provisions such as listing (page number 58), Repurchase (page number 18), Redemption (page number 18).
- Aggregate fees and expenses charged to the Scheme (page number 76).
  - Any safety or guarantee net provided (not applicable for the scheme):

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 Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of 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 SCHEME BENCHMARK ITS PERFORMANCE?

The Scheme performance would be benchmarked against S & P BSE 200 Index.

- Since the fund will be investing predominantly in equity and equity related instruments across market cap S & P BSE Index is a suitable benchmark for the fund

The Trustee/ AMC may change the benchmark in future if a benchmark better suited to the investment objective of the Scheme is available.
### H. WHO MANAGES THE SCHEME?

<table>
<thead>
<tr>
<th>Name of Fund Manager</th>
<th>Ages and Qualification</th>
<th>Experience of the Fund Manager</th>
<th>Names of other schemes under his management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jinesh Gopani</td>
<td>33,</td>
<td>• Fund Manager - Equity - Axis Asset Management</td>
<td>Axis Long Term Equity Fund, Axis</td>
</tr>
</tbody>
</table>
B.Com, Master of Management Studies (Bharati Vidyapeeth Institute of Management Studies and research) Co. Ltd. (April 1, 2011 till date)
- Assistant Fund Manager - Equity, Axis Asset Management Co. Ltd. (October 21, 2009 till March 31, 2011)
- Portfolio Manager, Birla Sun Life Asset Management Company Ltd. (June 2008-October 2009)
- Research Analyst and Portfolio Manager, Voyager India Capital Pvt. Ltd. (February 2006-May 2008)
- Research Analyst, Emkay Share & Stock Brokers Ltd. (June 2002 till February 2006)
- Research Analyst, Net worth Stock Broking Ltd. (May 2001 – May 2002)

Hybrid Fund Series 1 to 3 and 5 to 6 (along with Mr. Devang Shah), Axis Income Saver (along with Mr. Kedar Kamik)

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to Regulations, specifically the Seventh Schedule and amendments thereto, the following investment restrictions are currently applicable to the Scheme:

1. The Scheme shall not invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company.
2. The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments.
3. The Mutual Fund under all its Scheme(s) shall not own more than ten per cent of any company’s paid up capital carrying voting rights.
4. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activities under the SEBI Act, 1992. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Trustee and the Board of AMC. Such limit shall not be applicable for investment in Government Securities.

In case of investment in money market instruments, the Scheme shall not invest more than 30% of its net assets in Money Market Instruments issued by a single issuer. The limit shall not be applicable to investment in CBLOs, Government Securities and Treasury Bills.

Investments within such limit can be made in the mortgaged backed securitised debt, which are rated not below investment grade by a credit rating agency, registered with SEBI.
5. The Scheme shall not invest more than 10% of its NAV in un-rated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Trustee and Board of AMC.

6. The Scheme may invest in other schemes of the Mutual Fund or any other mutual fund without charging any fees, provided the aggregate inter-scheme investment made by all the 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 Fund.

7. The Scheme shall not make any investment in:
   a) any unlisted security of an associate or group company of the sponsor; or
   b) any security issued by way of private placement by an associate or group company of the sponsor; or
   c) the listed securities of group companies of the sponsor which is in excess of 25% of the net assets; or

8. The Mutual Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.

9. Transfer of investments from one scheme to another scheme in the same Mutual Fund is permitted provided:
   a. such transfers are 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
   b. the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

10. 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 Reserve Bank of India in this regard.

11. The Scheme shall not make any investment in any fund of funds scheme.

12. The Scheme will comply with the following restrictions for trading in exchange traded derivatives, as specified by SEBI vide its circular DNPD/Cir-29/2005 dated September 14, 2005, Circular DNPD/Cir-30/2006 dated January 20, 2006 and Circular DNPD/Cir-31/2006 dated September 22, 2006 (and any other regulatory requirements that may be prescribed by SEBI from time to time):
i. **Position limit for the Mutual Fund in equity index options contracts**
   a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crores or 15% of the total open interest of the market in index options, whichever is higher, per stock exchange.
   b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. **Position limit for the Mutual Fund in equity index futures contracts**
   a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs.500 crores or 15% of the total open interest of the market in index futures, whichever is higher, per stock exchange.
   b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. **Additional position limit for hedging**
   In addition to the position limits at point (i) and (ii) above, the Mutual Fund may take exposure in equity index derivatives subject to the following limits:
   a. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund’s holding of stocks.
   b. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund’s holding of cash, government securities, Treasury Bills and similar instruments.

iv. **Position limit for Mutual Fund for stock based derivative contracts**
   The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, is defined in the following manner:
   a. For stocks having applicable market-wide position limit ('MWPL') of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.
   b. For stocks having applicable MWPL less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crores whichever is lower.

v. **Position limit for each scheme of a Mutual Fund**
   The scheme-wise position limit / disclosure requirements shall be:
   a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Mutual Fund shall not exceed the higher of 1% of the free float market capitalization (in terms of number of shares)
      or
   5% of the open interest in the derivative contract on a particular underlying stock (in terms of number of contracts).
   b. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
   c. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.
Pending deployment of the funds of the Scheme in securities in terms of the investment objective of the Scheme, the AMC may park the Funds of the Scheme in short term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007 as may be amended from time to time:

The Scheme will comply with the following guidelines/ restrictions for parking of funds in short term deposits:

i. “Short Term” for such parking of funds by the Scheme shall be treated as a period not exceeding 91 days. Such short-term deposits shall be held in the name of the Scheme.

ii. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.

iii. 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.

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

v. The Scheme shall not park funds in short term deposit of a bank which has invested in that Scheme.

However, the above provisions will not apply to term deposits placed as margins for trading in cash and derivatives market.

14 The Scheme shall not advance any loans.

15 The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of Units or payment of interest and/or dividend to the Unit holders.

Provided that the Fund shall not borrow more than 20% of the net assets of the individual Scheme and the duration of the borrowing shall not exceed a period of 6 month. The Scheme will comply with the other Regulations applicable to the investments of Mutual Funds from time to time.

16. Further, SEBI vide its circular no. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010 has prescribed the following investment restrictions w.r.t. investments in derivatives. The Scheme will comply with the below mentioned restrictions w.r.t. investments in derivatives:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure.</td>
</tr>
<tr>
<td>II</td>
<td>The Scheme shall not write options or purchase instruments with embedded written options.</td>
</tr>
<tr>
<td>III</td>
<td>The total exposure related to option premium paid shall not exceed 20% of the net assets of the scheme.</td>
</tr>
<tr>
<td>IV</td>
<td>Exposure due to hedging positions may not be included in the above</td>
</tr>
</tbody>
</table>
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.

V 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.

VI 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:

<table>
<thead>
<tr>
<th>Position</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Future</td>
<td>Futures Price * Lot Size * Number of Contracts</td>
</tr>
<tr>
<td>Short Future</td>
<td>Futures Price * Lot Size * Number of Contracts</td>
</tr>
<tr>
<td>Option bought</td>
<td>Option Premium Paid * Lot Size * Number of Contracts</td>
</tr>
</tbody>
</table>

VII The Scheme 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 shall not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions shall not exceed 10% of the net assets of the scheme.

Necessary disclosure pertaining to derivatives position shall be made in the half yearly portfolio disclosure, annual report and/or in any other place, periodicity or manner as may be prescribed by SEBI, from time to time.

a. The Scheme shall participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time, subject to the following conditions:

   (i) The gross exposure of the Scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the Scheme.
(ii) The cumulative gross exposure through repo transactions in corporate
debt securities along with equity, debt and derivatives shall not exceed
100% of the net assets of the Scheme.

(iii) The Scheme shall participate in repo transactions only in AAA rated
corporate debt securities.

(iv) The Scheme shall borrow through repo transactions only if the tenor of the
transaction does not exceed a period of six months.

(v) Counterparty selection & credit rating
The counterparty must be an acceptable counterparty for debt
transactions. The Mutual Fund follows a counterparty empanelment
process for fixed income transactions and the same shall be used for
selection of counterparties for corporate bond repos. All repo transactions
in corporate bonds will be governed by a repo agreement as specified by
FIMMDA and / or other specified authorities.

(vi) Collateral tenor & quality
Bonds with a minimum original maturity of 1-year and a minimum rating of
AAA shall be eligible for repo. The exposure limit/investment restrictions
prescribed under the Seventh Schedule of the Regulations and circulars
issued there under (wherever applicable) shall be applicable to repo
transactions in corporate bonds.

(vii) Applicable haircuts
Currently mutual funds are permitted to carry out repo transactions in
government securities without any haircuts. The Reserve Bank of India has
notified a minimum haircut based on rating of the corporate bond as
below. In addition, the Fixed Income and Money Market Dealers
Association (FIMMDA) would maintain a rating-haircut matrix on an
ongoing basis.

<table>
<thead>
<tr>
<th>Rating</th>
<th>AAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum haircut</td>
<td>10%</td>
</tr>
</tbody>
</table>

The haircuts seek to protect the lender of funds from the event of the
counterparty failing to honor the repurchase leg of the repo. In such a
circumstance, the Fund would suffer a loss if the value of the collateral
depreciates by more than the haircut. The fall in the value of the
collateral could be on account of higher yields and/ or deterioration of
credit quality.

As the typical tenor of repos is short (typically overnight), the haircuts
represent a relatively high degree of safety in relation to the interest rate
risk on the collateral. The risk of collateral depreciation based on historical
volatility is given in the table below:

<table>
<thead>
<tr>
<th>Bond Tenor (yrs)</th>
<th>1</th>
<th>3</th>
<th>5</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Volatility (annualized)</td>
<td>0.6</td>
<td>1.2</td>
<td>1.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Repo Tenor</td>
<td>Number of standard deviations needed to lose 10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 day</td>
<td>258</td>
<td>136</td>
<td>94</td>
<td>48</td>
</tr>
<tr>
<td>7 days</td>
<td>98</td>
<td>52</td>
<td>36</td>
<td>18</td>
</tr>
</tbody>
</table>
In the above table, the price volatility of a 10-year bond is about 3.4% annualized. That is a 10% price move represents nearly a 3-sigma event on an annualized basis. For overnight tenors, this represents a 48-sigma event (for comparison a 6-sigma event occurs about once in a million observations).

It is apparent that the haircuts stipulated by RBI are more than sufficient to mitigate interest rate risk. Credit event risk remains (the collateral could default during the tenor of the repo). This risk is to be mitigated by ensuring that the collateral is acceptable from a credit point of view.

The exposure limits/ investment restrictions prescribed under the Seventh Schedule of the Regulations and circulars issued there under (wherever applicable) shall be applicable to repo transactions in corporate bonds.

The Scheme will comply with the other Regulations applicable to the investments of Mutual Funds from time to time.

All the investment restrictions will be applicable at the time of making investments.

Apart from the Investment Restrictions prescribed under the Regulations, internal risk parameters for limiting exposure to a particular scrip or sector may be prescribed from time to time to respond to the dynamic market conditions and market opportunities.

The AMC/ Trustee may alter these above stated restrictions from time to time to the extent the Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective.

J. HOW HAS THE SCHEME PERFORMED?

This Scheme being a new scheme, it does not have any performance track record.

K. Investments by the AMC

Subject to the Regulations, the AMC may invest either directly or indirectly, in the Scheme during the Ongoing Offer Period. However, the AMC shall not charge any investment management fee on such investment in the Scheme.

III. UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

<table>
<thead>
<tr>
<th>New Fund Offer Period</th>
<th>NFO open on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the period during which a new scheme sells its Units to the investors.</td>
<td>NFO closes on:</td>
</tr>
<tr>
<td>The AMC/Trustee reserves the right to close the NFO of the Scheme before the above mentioned date.</td>
<td>The AMC/Trustee reserves the right to extend the closing</td>
</tr>
<tr>
<td><strong>New Fund Offer Price:</strong></td>
<td>Rs. 10/- per unit (Offer of Units of Rs. 10 each for cash during the New Fund Offer and at NAV based prices during the continuous offer, after the scheme gets converted into an open ended scheme.)</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Minimum Amount for Application/ Switch in in the NFO</strong></td>
<td>Rs. 5,000 and in multiples of Re. 10/- thereafter</td>
</tr>
<tr>
<td><strong>Minimum Target amount</strong></td>
<td>Rs. 10 crore</td>
</tr>
<tr>
<td><strong>Maximum amount to be raised (if any)</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Plans / Options offered</strong></td>
<td>The Scheme offers the following Plans: 1. Axis Opportunities Fund - Regular Plan 2. Axis Opportunities Fund - Direct Plan</td>
</tr>
</tbody>
</table>

**Regular Plan**
Regular Plan is available for all type of investors investing through a Distributor.

**Direct Plan**
Direct Plan is only for investors who purchase / subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.

Each plan offers the following options:

- **a) Growth Option**
- **b) Dividend Option**
  Dividend Payout facility
a) Growth Option
Dividends will not be declared under this Option. The income attributable to Units under this Option will continue to remain invested in the Scheme and will be reflected in the Net Asset Value of Units under this Option.

b) Dividend Option
Under this Option, dividends will be declared at the discretion of the Trustee, subject to availability of distributable surplus calculated in accordance with SEBI (MF) Regulations. On payment of dividend, the NAV of the units under Dividend option will fall to the extent of the dividend payout and applicable statutory levies, if any.

It must be distinctly understood that the actual declaration of dividend and frequency thereof is at the sole discretion of Board of Directors of the Trustee Company. There is no assurance or guarantee to the Unit holders as to the rate of dividend distribution nor that the dividend will be paid regularly.

Dividend Payout Facility
Under this facility, dividend declared, if any, will be paid (subject to deduction of dividend distribution tax and statutory levy, if any) to those Unit holders, whose names appear in the register of Unit holders on the notified record date.

Default Plan
The investor must clearly specify his choice of plan. Investors subscribing under Direct Plan of a Scheme will have to indicate “Direct Plan” against the Scheme name in the application form. Investors should also indicate “Direct” in the ARN column of the application form. However, in case Distributor code is mentioned in the application form, but “Direct Plan” is indicated against the Scheme name, the application will be processed under Direct Plan. In case the Distributor code is not mentioned but the name of the Plan is mentioned (whether regular plan or direct plan), the application will be processed under the Direct plan. Further, if neither Distributor code is mentioned in the application form, nor Plan is indicated against the Scheme name, the application will be processed under Direct Plan.

Default plan would be Direct Plan (i.e plan whether Direct or Regular Plan and distributor code is not indicated in the application form)
| **Default Option** | The investor must clearly specify his choice of option/facility. In the absence of such clear instruction, it will be assumed that the investor has opted for 'default' option/facility and the application will be processed accordingly. The default option/facility are:

Default Option: Growth (between Growth and Dividend)

Till the time the scheme is close ended, dividend declared, if any shall be paid out. |
|---|---|
| **Dividend Policy** | Under the Dividend options, the Trustee will have the discretion to declare the dividend, subject to availability of distributable surplus calculated in accordance with the Regulations. The actual declaration of dividend and frequency will inter-alia, depend on availability of distributable surplus calculated in accordance with SEBI (MF) Regulations and the decisions of the Trustee shall be final in this regard. There is no assurance or guarantee to the Unit holders as to the rate of dividend nor that the dividend will be paid regularly.

The AMC/Trustee reserve the right to change the frequency of declaration of dividend or may provide for additional frequency for declaration of dividend. |
| **Dividend Distribution Procedure** | In accordance with SEBI Circular no. SEBI/ IMD/ Cir No. 1/64057/06 dated April 4, 2006, the procedure for Dividend distribution would be as under:

1. Quantum of dividend and the record date will be fixed by the Trustee. Dividend so decided shall be paid, subject to availability of distributable surplus.

2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the dividend including the record date, 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.

3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of investors whose names appear on
the register of Unit holders for receiving dividends. The Record Date will be 5 calendar days from the date of issue of notice.

4. The notice will, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).

5. The NAV will be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.

6. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever will be issued by Mutual Fund.

<table>
<thead>
<tr>
<th>Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full allotment will be made to all valid applications received during the New Fund Offer Period. Allotment of Units, shall be completed not later than 5 business days after the close of the New Fund Offer Period.</td>
</tr>
<tr>
<td>An account statement stating the number of Units purchased and allotted will be sent through ordinary post or courier and/or electronic mail to each Unit holder not later than 5 business days after closure of NFO. The Account Statement is non-transferable. Dispatch of account statements to NRIs/ FIIs will be subject to RBI approval, if required. In case of Unit holder who have provided their e-mail address the Fund will provide the Account Statement only through e-mail message, subject to Regulations and unless otherwise required. In cases where the email does not reach the Unit holder, the Fund/ its Registrar &amp; Transfer Agents will not be responsible, but the Unit holder can request for fresh statement. The Unit holder shall from time to time intimate the Fund/ its Registrar &amp; Transfer Agents about any changes in his e-mail address.</td>
</tr>
<tr>
<td>Applicants under the scheme will have an option to hold the Units either in physical form (i.e. account statement) or in dematerialized form.</td>
</tr>
</tbody>
</table>

**Dematerialization**

The Applicants intending to hold the Units in dematerialized mode will be required to have a beneficiary account with a Depository participant of the NSDL/ CDSL and will be required to mention in the application form DP’s Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units during the NFO.
The Account Statement will be sent to those Unit holders who have opted to hold Units in Physical (non-dematerialized) form. However, if the Unit holder so desires to hold the Units in a dematerialized form at a later date, he will be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and will have to submit the account statement along with a request form asking for the conversion into demat form. This request form is called a Demat Request Form or a DRF which will be available on the website and/or the Investor Service Centres of Axis Mutual Fund.

Unit holders will be required to follow the dematerialization process laid as under:

(i) The account statement along with a Demat Request Form in triplicate will be required to be submitted to the Official Points of Acceptance of Axis Mutual Fund.
(ii) The combination of names in the account statement must be in the same order as appearing in Unit holder's demat account.
(iii) The account statements will be required to be defaced on the face by marking "Surrendered for Dematerialization".
(iv) The request form will be required to be signed by ALL the Unit holders.
(v) On verification of the correctness and completeness of the request form and signature verification, corporate action will be initiated by the AMC with NSDL/ CDSL for conversion of units from physical mode to demat mode.
(vi) On processing of the same in the NSDL/ CDSL system, the number of units (i.e., units in whole numbers) as reflecting in the account statement will be transferred from the Unit holder's folio to NSDL/ CDSL ISIN (as the case may be) and thereafter, these units will get credited to the DP account of the Unit holder.

Unit holders are requested to contact any of the Investor Service Centres for any further guidance in this regard.

However, the Trustee/ AMC reserves the right to change the dematerialization process as mentioned above in accordance with the procedural requirements laid down by the Depositories, viz. NSDL/ CDSL and/or in accordance with the provisions laid under the Depositories Act, 1996. For any such change in the dematerialization process, the AMC will issue an addendum and display it on the website/ Investor Service Centres.

The Asset Management Company shall issue units in dematerialized form to the unit holder with two working
<table>
<thead>
<tr>
<th><strong>Refund</strong></th>
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<tbody>
<tr>
<td>In case the Scheme fails to collect the minimum subscription amount under the Scheme, the Fund and the AMC shall be liable to refund the subscription amount to the applicants of the Scheme. In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment process is completed.</td>
</tr>
</tbody>
</table>

No interest will be payable on any subscription money refunded within 5 business days from the closure of the New Fund Offer Period. Interest on subscription amount will be payable for amounts refunded later than 5 business days from the closure of the New Fund Offer Period at the rate of 15% per annum or at any such rate as specified by SEBI for the period in excess of the

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**Allotment Advice (for demat holders)**

An allotment advice will be sent upon allotment of Units stating the number of Units allotted to each of the Unit holder(s) who have opted for allotment in dematerialized mode within 5 business days from the date of closure of NFO.

The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form.

It may be noted that trading and settlement in the Units of the scheme over the stock exchange(s) (where the Units are listed) will be permitted only in electronic form.

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 business days of the receipt of request for the certificate. Unit certificate if issued must be duly discharged by the Unit holder(s) and surrendered along with the request for Redemption / Switch or any other transaction of Units covered therein.

Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time.

All Units will rank pari passu, among Units within the same Option in the Scheme concerned as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustee.
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 Scheme:

1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;
2. Hindu Undivided Family (HUF) through Karta;
3. Minor through parent / legal guardian;
4. Partnership Firms including limited liability partnership firms;
5. Proprietorship in the name of the sole proprietor;
6. Companies, Bodies Corporate, Public Sector Undertakings (PSUs), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions);
7. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as “Public Securities” as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;
9. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non-repatriation basis;
10. Foreign Institutional Investors (FIIs) and their sub-accounts registered with SEBI on repatriation basis;
11. Army, Air Force, Navy and other para-military units and bodies created by such institutions;
12. Scientific and Industrial Research Organisations;
<p>| | |</p>
<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI;</td>
</tr>
<tr>
<td>14.</td>
<td>Provident/ Pension/ Gratuity Fund to the extent they are permitted;</td>
</tr>
<tr>
<td>15.</td>
<td>Other schemes of Axis Mutual Fund or any other mutual fund subject to the conditions and limits prescribed by the Regulations;</td>
</tr>
<tr>
<td>16.</td>
<td>Qualified Foreign Investors subject to the conditions prescribed by SEBI, RBI, Income Tax authorities and the AMC from time to time.</td>
</tr>
<tr>
<td>17.</td>
<td>The Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;</td>
</tr>
<tr>
<td>18.</td>
<td>Such other investor as the AMC may prescribe from time to time.</td>
</tr>
</tbody>
</table>

**Who cannot invest**

1. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA Act) except where registered with SEBI as a FI or sub account of FI or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority.


3. NRI residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.

4. Such other persons as may be specified by AMC from time to time.

**Where can you submit the filled up applications.**

Please refer the back cover page of the Scheme Information Document

**How to Apply**

Please refer to the SAI and Application form for the instructions.

**Listing**

The Units of the Scheme will be listed on the Exchange within 5 business days from the date of allotment or within such time as the Exchange may allow or within such time as the Regulations permit. An investor can buy/ sell Units on the Exchange during the trading hours like any other publicly traded stock.

The trading facility on the Exchange would be available from the date of listing till the date of issue of notice by the AMC for fixing the record date for determining the
eligibility of Unit holders (being the list of Beneficial owners as per the Depositories Records (NSDL/CDSL)) for the purpose of redemption, if the AMC decided to suspend the trading of units on BSE and/or any other Stock Exchange.

The trading of Units on the Exchange will automatically get suspended from the date of issue of the above notice and also no off-market trades shall be permitted by the Depositories. The AMC may at its sole discretion list the Units on any other recognized Exchange(s) at a later date during the tenure of the Scheme. The AMC may also decide and reserves the right to de-list the Units from a particular Exchange, provided that the Units are listed on at least one Exchange, if required/considered appropriate in accordance with the applicable rules/regulations.

The price of the Units in the market on Exchange will depend on demand and supply and market factors and forces. There is no minimum investment amount for investment through Exchange, although Units dealt in minimum in lots of 1.

<table>
<thead>
<tr>
<th>Special Products / facilities available during the NFO</th>
<th>SWITCHING OPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 in the NFO of the respective Plan(s) under the Scheme by switching part or all of their Unit holdings held in the respective option(s)/plan(s) of the existing scheme(s) established by the Mutual Fund.</td>
<td></td>
</tr>
<tr>
<td>This Option will be useful to Unit holders who wish to alter the allocation of their investment among the scheme(s)/plan(s) of the Mutual Fund (subject to completion of lock-in period, if any, of the Units of the scheme(s) from where the Units are being switched) in order to meet their changed investment needs.</td>
<td></td>
</tr>
<tr>
<td>The Switch will be effected by way of a Redemption of Units from the Scheme/Plan and a reinvestment of the Redemption proceeds in the Scheme and accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme/Plan and the issue rules of the Scheme (e.g. as to the minimum number of Units that may be redeemed or issued, Exit/Entry Load etc.). The price at which the Units will be Switched-out of the Scheme/Plan will be based on the Redemption Price, and the proceeds will be invested in the Scheme at the prevailing sale price.</td>
<td></td>
</tr>
<tr>
<td>The Switch request can be made on a pre-printed form</td>
<td></td>
</tr>
</tbody>
</table>
or by using the relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the ISCs.

**Online Transactions**

Axis Mutual Fund will allow Transactions by electronic mode through the AMC website (during the NFO for existing investors only). The Subscription proceeds, when invested through this mode, are by way of direct debits to the designated bank through payment gateway. The Redemption proceeds, (subject to deduction of tax at source, if any) through this mode, are directly credited to the bank account of the Investors who have an account at the designated banks with whom the AMC has made arrangements from time to time or through NEFT/RTGS or through cheque/ Payorder/ Demand draft issuance. The AMC will have right to modify the procedure of transaction processing without any prior intimation to the Investor.

Investment amount through this facility may be restricted by the AMC from time to time in line with prudent risk management requirements and to protect the overall interest of the Investors.

For details of the facility, investors are requested to refer to the website of the AMC.

| 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. |
| Units once redeemed will be extinguished and will not be reissued. |
| Restrictions, if any, on the right to freely retain or dispose of Units being offered. |
| The Units of the Scheme are not transferable except for Units held in dematerialized form. In view of the same, additions / deletions of names will not be allowed under any folio. However, the said provisions will not be applicable in case a person (i.e. a transferee) becomes a holder of the Units by operation of law or upon enforcement of pledge, then the AMC shall, subject to production of such satisfactory evidence and submission of such documents, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units of the scheme. |
| The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission of Units and not transfer. |
| As the Units of the Scheme will also be issued in |
SUSPENSION OF SALE / REDEMPTION OF THE UNITS
The Sale/ Redemption of the Units may be temporarily suspended, on the stock exchange(s) on which the Units of the Scheme are Listed, under the following conditions:

- During the period of Book Closure.
- During the period from the date of issue of the notice for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depositories (NSDL/CDSL) records for the purpose of redemption of Units on Maturity / Final Redemption date.
- In the event of any unforeseen situation that affects the normal functioning of the stock exchange(s).
- If so directed by SEBI.

The above list is not exhaustive and may also include other factors.

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* in line 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 holder's 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 holder's 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 (each regular purchase or per SIP installment). However, this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio, (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 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.

Cash Investments in mutual funds

In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, SEBI has permitted receipt of cash transactions for fresh purchases/ additional purchases to the extent of Rs.20,000/- per investor, per financial year shall be allowed subject to:

i. compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and

ii. sufficient systems and procedures in place.

However, payment towards redemptions, dividend, etc. with respect to aforementioned investments shall be paid only through banking channel.

The Fund/ AMC is currently in the process of setting up appropriate systems and procedures for the said purpose. Appropriate notice shall be displayed on its website viz. as well as at the Investor Service Centres, once the facility is made available to the investors.

B. ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>Being a close ended Scheme, Investors can subscribe to the Units of the scheme during the New Fund Offer Period only and the scheme will not re-open for subscriptions after the closure of NFO. The redemption facility would be provided only on Maturity.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ongoing Offer Period</strong></td>
<td><strong>Being a close ended Scheme, Investors can subscribe to the Units of the scheme during the New Fund Offer Period only and the scheme will not re-open for subscriptions after the closure of NFO. The redemption facility would be provided only on Maturity.</strong></td>
</tr>
<tr>
<td><strong>Ongoing price for Subscription (purchase)/Switch-in (from other Schemes/Plans of the Mutual Fund) by investors. This is the price you need to pay for purchase/ Switch-in.</strong></td>
<td><strong>However, subsequent to closure of NFO and upon listing of Units on Exchange, buying or selling of Units by Unit holders/ Investors can be made on the Exchange. Units can be bought or sold like any other listed stock on the Exchange at prevailing market prices.</strong></td>
</tr>
<tr>
<td><strong>Ongoing price for Subscription (purchase)/Switch-in (from other Schemes/Plans of the Mutual Fund) by investors. This is the price you need to pay for purchase/ Switch-in.</strong></td>
<td><strong>However, subsequent to closure of NFO and upon listing of Units on Exchange, buying or selling of Units by Unit holders/ Investors can be made on the Exchange. Units can be bought or sold like any other listed stock on the Exchange at prevailing market prices.</strong></td>
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<tr>
<td><strong>Ongoing price for Subscription (purchase)/Switch-in (from other Schemes/Plans of the Mutual Fund) by investors. This is the price you need to pay for purchase/ Switch-in.</strong></td>
<td><strong>However, subsequent to closure of NFO and upon listing of Units on Exchange, buying or selling of Units by Unit holders/ Investors can be made on the Exchange. Units can be bought or sold like any other listed stock on the Exchange at prevailing market prices.</strong></td>
</tr>
<tr>
<td><strong>Ongoing price for Subscription (purchase)/Switch-in (from other Schemes/Plans of the Mutual Fund) by investors. This is the price you need to pay for purchase/ Switch-in.</strong></td>
<td><strong>However, subsequent to closure of NFO and upon listing of Units on Exchange, buying or selling of Units by Unit holders/ Investors can be made on the Exchange. Units can be bought or sold like any other listed stock on the Exchange at prevailing market prices.</strong></td>
</tr>
<tr>
<td><strong>Ongoing price for Redemption (Sale) /Switch outs (to other Schemes/Plans of the Mutual Fund) by investors.</strong></td>
<td>on the Exchange is one Unit. The Units’ market prices may be at a premium/discount to its NAV. Dealings by the Unit holders / Investors on the Exchange will be also subject to Exchange Rules and Regulations. Unit holders are requested to note that in respect of Switch in requests, made for the Units held in dematerialized form, into any scheme, the Units of which are or shall be listed on any recognized Stock Exchange(s), the balance amount represented for the fractional Units of the Switch-in Scheme will be refunded to the Unit holders.</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>This is the price you will receive for redemptions/switch outs.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cut off timing for Subscriptions/ redemptions/ Switches</strong></th>
<th>After close of NFO Period, the Fund will not provide facility for subscription / redemption / switches, and hence cut-off timing provisions do not apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the time before which your application (complete in all respects) should reach the Official Points of Acceptance.</td>
<td>In case of switch-out proposed for investing the redemption proceeds in another scheme of the Fund, the switch-out request will be accepted upto 3.00 p.m. on the Maturity Date. Dealing by the Unit holders/ Investors on Exchange will be also subject to Exchange Rules and Regulations.</td>
</tr>
</tbody>
</table>

**Settlement of purchase/ sale of Units of the Scheme on 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.

**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.

### Where can the applications for purchase/redemption Switches be submitted?

The Units of the scheme will not be available for subscriptions/switch-in after the closure of NFO Period.

Units will be automatically redeemed on the Maturity Date, except requests for switch-out received by the Fund. Such switch-out requests can be submitted at any of the Official Points of Acceptance.

The application forms for switch-out of units on the Maturity date should be submitted at / may be sent by mail to, any of the ISCs/Official Points of Acceptance whose names and addresses are mentioned on the back cover page of the SID.

For details on updated list of ISCs/Official Points of Acceptance investors are requested to call the toll free number or contact the AMC branches or log on to our website [www.axismf.com](http://www.axismf.com).

### Minimum amount for purchase/Redemption/ Switches

The Units of the scheme will not be available for subscriptions/switch-in after the closure of NFO Period.

Units will be automatically redeemed on the Maturity Date, except requests for switch-out received by the Fund. Such switch-out requests can be submitted at any of the Official Points of Acceptance.

The application forms for switch-out of units on the Maturity date should be submitted at / may be sent by mail to, any of the ISCs/Official Points of Acceptance whose names and addresses are mentioned on the back cover page of the SID.
| **Minimum balance to be maintained and consequences of non maintenance.** | **Not applicable** |
| **Special Products available** | **Switch out facility** |

Unit holders under the Scheme have the option to Switch part or all of their Unit holdings in the Scheme to any other Scheme offered by the Mutual Fund from time to time on the date of maturity.

The Switch will be effected by way of a Redemption of Units from the Scheme at Applicable NAV, subject to Exit Load, if any and reinvestment of the Redemption proceeds into another Scheme offered by the Mutual Fund at Applicable NAV and accordingly the Switch must comply with the Redemption rules of the Switch out Scheme and the Subscription rules of the Switch in Scheme.

**Automatic Switch of Redemption proceeds on Maturity (Auto Maturity Switch)**

The Mutual Fund provides the investors the flexibility to switch their redemption proceeds receivable on maturity of the scheme to any of the open ended schemes of Axis Mutual Fund. Investor can choose to avail of this facility only at the time of making the application to subscribe to the units of the scheme. To make the switch effective, investor needs to hold all the units till maturity of the scheme. The switch shall be subject to the applicable terms and conditions of both the switch-out scheme and switch-in scheme as regards the minimum number of Units that may be redeemed or issued, Exit / Entry Load etc.

However, investor shall have an option to alter his preference from auto maturity switch to Payout Option by submitting a written request, at any time during the tenure of the scheme, not later than 7 working days from the maturity of the scheme.

This Auto switch facility shall be affected by way of a Redemption of Units from the Scheme on its maturity and investment of the Redemption proceeds in Axis Treasury Advantage Fund on the date of maturity (or the next business day if date of maturity is a non-business day).
For details of the facility, please contact any ISC of Axis Mutual Fund.

| Accounts Statements/ Allotment advice | • On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of e-mail and/or SMS within 5 business days from the date of receipt of transaction request/ closure of NFO period will be sent to the Unit Holders registered e-mail address and/or mobile number.  
• For those Unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.  
• Unit holders will be required to download and print the documents after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered documents, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. It is deemed that the Unit holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties.  
• The Unit holder may request for a physical account statement by writing/calling the AMC/ISC/Registrar.  
• In case of Unit Holders holding units in the dematerialized mode, the Fund will not send the account statement to the Unit Holders. The statement provided by the Depository Participant will be equivalent to the account statement.  

Annual Account Statement:
• The Mutual Fund shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement,  
• The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.  

Alternately, soft copy of the account statements shall be mailed to the investors’ e-mail address, instead of physical statement, if so mandated.  

In the event the account has more than one registered holder, the first named Unit holder shall receive the account statements.
The AMC shall issue Unit certificates within 5 business days from the date of receipt of request where the applicant so desires.

Consolidated Account Statement

Consolidated account statement for each calendar month shall be issued, on or before tenth day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors in whose folios transaction has taken place during that month. The AMC shall ensure that a consolidated account statement every half yearly (September/ March) is 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 period.

The AMC shall identify common investors across fund houses by their permanent account number for the purposes of sending consolidated account statement. In case of specific request received from the Unit Holders, the AMC/Fund will provide the Account Statement to the Investors within 5 business days from the receipt of such request. In the event the account has more than one registered holder, the first named Unit Holder shall receive the Account Statement. The word transaction will include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan and systematic transfer plan.

The AMC will endeavor to send statement of accounts by e-mail where the Investor has provided the e-mail id. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective Depository Participants periodically. Additionally, the AMC may at its discretion send Account Statements individually to the investors.

Option to hold Units in dematerialized (demat) form

Investors shall have an option to receive allotment of Mutual Fund units in their demat account while subscribing to the Units of the scheme in terms of the guidelines/ procedural requirements as laid by the Depositories (NSDL/CDSL) from time to time.

Investors desirous of having the Units of the Scheme in
| Dematerialized form | Dematerialized form should contact the ISCs of the AMC/Registrar. Where units are held by investor in dematerialized form, the demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of statements of account. In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms. Units held in Demat form are freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the Depository Participant in requisite form as may be required from time to time and transfer will be affected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode. For details, Investors may contact any of the Investor Service Centres of the AMC. |
| Dividend | The Dividend warrants/cheque/demand draft shall be dispatched to the Unit holders within 30 days of the date of declaration of the Dividend. The Dividend proceeds will be paid by way of ECS/ EFT/ NEFT/ RTGS/ Direct credits/ any other electronic manner if sufficient banking details are available with the Mutual Fund for the Investor. In case of specific request for Dividend by warrants/cheques/demand drafts or unavailability of sufficient details with the Mutual Fund, the Dividend will be paid by warrant/cheques/demand drafts and payments will be made in favour of the Unit holder (registered holder of the Units or, if there are more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund |

Dividend
please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI).

Further, based on the list provided by the Depositories (NSDL/ CDSL) giving the details of the demat account holders and the number of Units held by them in electronic form on the Record date, the Registrars & Transfer Agent will pay the dividend proceeds by forwarding a dividend warrant/Demand Draft/Cheque or directly crediting the bank account linked to the demat account depending on the mode of receipt of dividend proceeds chosen by the Unit holder.

Redemption

As the Scheme is closed ended scheme, investors will not be able to redeem their units during the tenor of the scheme. Units under the scheme will be compulsorily and without any further act by the Unit holder(s) redeemed on the Maturity Date of the scheme. The redemption proceeds shall be dispatched to the unit holders within 10 working days from the Maturity Date of the scheme.

Procedure for payment of redemption.

1. Resident Investors

Redemption proceeds will be paid to the investor through Real Time Gross Settlement (RTGS), NEFT, Direct Credit, Cheque or Demand Draft.

a) If investor has provided IFSC code in the application form, by default redemption proceeds shall be to be credited to Investor’s account through RTGS/NEFT.

b) If Investor has neither provided IFSC code nor the NEFT code but have a bank account with Banks with whom the Fund would has an arrangement for Direct Credit from time to time, the proceeds will be paid through direct credit.

c) Incase if investor bank account does not fall in the above a to b categories, redemption proceeds will be paid by cheques/demand drafts, marked "Account Payee only" and drawn in the name of the sole holder / first-named holder (as determined by the records of the Registrar).

The bank name and bank account number, as specified in the Registrar’s records, will be mentioned in the cheque/demand draft. The cheque will be payable at
par at all bank branch or specific cities. If the Unit Holder resides in any other city, he will be paid by a demand draft payable at the city of his residence and the demand draft charges shall be borne by the AMC (please refer SAI for details).

The redemption proceeds will be sent by courier or (if the addressee city is not serviced by the courier) by registered post/UCP. The dispatch for the purpose of delivery through the courier / postal department, as the case may be, shall be treated as delivery to the investor. The AMC / Registrar are not responsible for any delayed delivery or non-delivery or any consequences thereof, if the dispatch has been made correctly as stated in this paragraph.

The AMC reserves the right to change the sequence of payment from (a) to (c) without any prior notice.

For Unit holders who have given specific request for Cheque/Demand Draft Redemption proceeds will be paid by cheque/demand drafts and payments will be made in favour of the Unit holder with bank account number furnished to the Mutual Fund.

(Please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI). Redemption cheques will be sent to the Unit holder's address.

The Mutual Fund will endeavor to dispatch the redemption proceeds within 10 Business Days from the date of maturity. If the payment is not made within the period stipulated in the Regulations, the Unit Holder shall be paid interest @15% p.a. or as specified by SEBI for the delayed period and the interest shall be borne by the AMC.

The Trustee, at its discretion at a later date, may choose to alter or add other modes of payment.

Further, based on the list provided by the Depositories (NSDL/ CDSL) giving the details of the demat account holders and the number of Units held by them in electronic form on the Record date fixed for redemption of Units on the Maturity date, the Registrars & Transfer Agent will pay the redemption proceeds by forwarding a cheque or directly crediting the bank account linked to the demat account depending on the mode of receipt of redemption proceeds chosen by the Unit holder.

2. Non-Resident Investors
For NRIs, Redemption proceeds will be remitted depending upon the source of investment as follows:

(i) Repatriation basis
When Units have been purchased through remittance in foreign exchange from abroad or by cheque / draft issued from proceeds of the Unit Holder's FCNR deposit or from funds held in the Unit Holder's Non Resident (External) account kept in India, the proceeds can also be sent to his Indian address for crediting to his NRE / FCNR / non-resident (Ordinary) account, if desired by the Unit Holder.

(ii) Non-Repatriation basis
When Units have been purchased from funds held in the Unit Holder's non-resident (Ordinary) account, the proceeds will be sent to the Unit Holder's Indian address for crediting to the Unit Holder's non-resident (Ordinary) account.

For FIIs, the designated branch of the authorized dealer may allow remittance of net sale / maturity proceeds (after payment of taxes) or credit the amount to the Foreign Currency account or Non-resident Rupee account of the FI maintained in accordance with the approval granted to it by the RBI.

The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs / FIIs. The Fund may make other arrangements for effecting payment of redemption proceeds in future.

The normal processing time may not be applicable in situations where necessary details are not provided by investors/Unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and/or any delay/loss in transit.

Unclaimed Redemptions and Dividends

As per circular no. MFD / CIR / 9 / 120 / 2000, dated November 24, 2000 issued by SEBI, the unclaimed Redemption and dividend amounts shall be deployed by the Fund in money market instruments only. The unclaimed Redemption and dividend amounts shall be deployed in money market instruments and such other instruments/securities as maybe permitted from time to time. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. The circular also specifies that...
investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. Thus, after a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year. In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts. The details of such unclaimed amounts shall be disclosed in the annual report sent to the Unit Holders.

Important Note: All applicants must provide a bank name, bank account number, branch address, and account type in the Application Form.

Delay in payment of Redemption / Repurchase proceeds

The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the proceeds are not made within 10 Business Days of the date of Maturity. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the Investor / Unit holders verification of identity or such other details relating to Subscription for Units under any applicable law or as may be requested by a Regulatory Agency or any government authority, which may result in delay in processing.

C. PERIODIC DISCLOSURES

Net Asset Value

This is the value per Unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your Unit balance.

The AMC will calculate and disclose the first NAV of the Scheme within a period of 5 business days from the date of allotment. Subsequently, the NAVs will be calculated and disclosed on all the Business Days. The NAV of the Scheme and purchase/Redemption price shall be published at least in two daily newspapers on daily basis in accordance with the Regulations. The AMC shall update the NAVs on the website of the AMC (www.axismf.com) and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) before 9.00 p.m. on the same Business Day for a given business day. If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

Information regarding NAV can be obtained by the Unit holders/Investors by calling or visiting the nearest ISC.

Half yearly Disclosures: Portfolio / Financial Results

This is a list of securities where the

The Mutual Fund shall publish a complete statement of the Scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement.
The corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.

<table>
<thead>
<tr>
<th>Half Yearly Results</th>
<th>The mutual fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The mutual fund shall publish an advertisement disclosing the hosting of such financial results on their website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated.</td>
</tr>
<tr>
<td></td>
<td>The unaudited financial results will also be displayed on the website of the AMC and AMFI.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Report</th>
<th>The Scheme wise annual report or an abridged summary thereof shall be mailed (emailed, where email id is provided unless otherwise required) to all Unit holders not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e. 31st March each year) and full annual report shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any. Scheme wise annual report shall also be displayed on the website of the AMC (<a href="http://www.axismf.com">www.axismf.com</a>) and Association of Mutual Funds in India (<a href="http://www.amfiindia.com">www.amfiindia.com</a>).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Mailing of Annual Report or Abridged Summary</strong></td>
</tr>
<tr>
<td></td>
<td>The Scheme wise annual report or an abridged summary hereinafter shall be sent by AMC/ Mutual Fund as under:</td>
</tr>
</tbody>
</table>
(i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
(ii) in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted/requested for the same.

The physical copy of the scheme-wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Mutual Fund.

<table>
<thead>
<tr>
<th>Associate Transactions</th>
<th>Please refer to Statement of Additional Information (SAI).</th>
</tr>
</thead>
</table>

**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 schemes.

**Axis Opportunities Fund – Series 1 and 2 - Three to Five Year Close Ended Equity Scheme**

<table>
<thead>
<tr>
<th></th>
<th>Resident Investors</th>
<th>Mutual Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on Dividend</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Capital Gains:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Short Term</td>
<td>15% (plus applicable surcharge and education cess)</td>
<td>Nil</td>
</tr>
</tbody>
</table>

The scheme will attract securities transaction tax (STT) at 0.25% on the redemption value.

The Scheme being an equity oriented scheme, no additional tax under section 115R of the income tax, 1961 is payable on income distribution, if any, made by the scheme.

For further details on taxation please refer to the clause on Taxation in the SAI.

**Investor services**

Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, Valuation, Dividends, etc by calling the Investor line of the AMC at **1800 3000 3300** (toll-free number) or **022 - 4325 5100** (at local call rate for enquiring at AMC ISC's) or email - customerservice@axismf.com. The service representatives may require personal information of the Investor for verification of his/her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any Investor grievances promptly.
Any complaints should be addressed to Mr. Milind Vengurlekar who has been appointed as the Investor Relations Officer and can be contacted at:

Address:
Axis Asset Management Co. Ltd.
"Axis House", 1st Floor,
C-2 Wadia International Centre,
Pandurang Budhkar Marg,
Worli,
Mumbai - 400025
022 - 4325 4138/4123

For any grievances with respect to transactions through BSE STAR and / or NSE MFSS, the investors / Unit Holders should approach either the stock broker or the investor grievance cell of the respective stock exchange.

D. COMPUTATION OF NAV

The Net Asset Value (NAV) per Unit under the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation day. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time.

The Net Assets Value (NAV) of the Units under the Scheme shall be calculated as shown below:

\[
NAV (Rs.) = \frac{\text{Market or Fair Value of Scheme + including Accrued - and Provisions Income}}{\text{Current Assets - Current Liabilities}} \times \frac{\text{Investments}}{\text{No. of Units outstanding under Scheme on the Valuation Day}}
\]

The NAV shall be calculated up to two decimal places. However the AMC reserves the right to declare the NAVs up to additional decimal places as it deems appropriate. Separate NAV will be calculated and disclosed for each Plan / Option. The NAVs of the Growth Option and the Dividend Option under each sub-plans will be different after the declaration of the first Dividend.

The AMC will calculate and disclose the NAV of the Scheme on all the Business Days.

IV. FEES AND EXPENSES

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

A. NEW FUND OFFER (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.
In accordance with the provisions of SEBI Circular no. SEBI/ IMD/CIR No. 1/64057/06 dated April 04, 2006 and SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, the Scheme, being an open-ended scheme, the NFO expenses shall be borne by the AMC/Sponsor.

**B. ANNUAL SCHEME RECURRING EXPENSES**

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

The AMC has estimated that up to 2.50% of the daily net assets of the Scheme will be charged to the Scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the AMC.

<table>
<thead>
<tr>
<th>Expense Head</th>
<th>% of daily Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management and Advisory Fees</td>
<td>Upto 2.50%</td>
</tr>
<tr>
<td>Trustee fee</td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td></td>
</tr>
<tr>
<td>Custodian fees</td>
<td></td>
</tr>
<tr>
<td>RTA Fees</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Selling expense incl. agent commission</td>
<td></td>
</tr>
<tr>
<td>Cost related to investor communications</td>
<td></td>
</tr>
<tr>
<td>Cost of fund transfer from location to location</td>
<td></td>
</tr>
<tr>
<td>Cost of providing account statements and dividend redemption cheques and warrants</td>
<td></td>
</tr>
<tr>
<td>Costs of statutory Advertisements</td>
<td></td>
</tr>
<tr>
<td>Cost towards investor education &amp; awareness (at least 2 bps)</td>
<td></td>
</tr>
<tr>
<td>Brokerage &amp; transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.</td>
<td></td>
</tr>
<tr>
<td>Service tax on expenses other than investment and advisory fees</td>
<td></td>
</tr>
<tr>
<td>Service tax on brokerage and transaction cost</td>
<td></td>
</tr>
<tr>
<td>Other Expenses*</td>
<td></td>
</tr>
<tr>
<td><strong>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)</strong></td>
<td><strong>Upto 2.50%</strong></td>
</tr>
<tr>
<td>Additional expenses under regulation 52 (6A) (c) #</td>
<td><strong>Upto 0.20%</strong></td>
</tr>
<tr>
<td>Additional expenses for gross new inflows from specified cities $</td>
<td><strong>Upto 0.30%</strong></td>
</tr>
</tbody>
</table>
*Any other expenses which are directly attributable to the Scheme, may be charged with
the approval of the Trustee within the overall limits as specified in the Regulations except
those expenses which are specifically prohibited.

**Direct Plan shall have a lower expense ratio excluding distribution expenses,
commission, etc. and no commission for distribution of Units will be paid/charged under
Direct Plan. The AMC has estimated that up to X% of the daily net assets will be charged
as total expense ratio (TER) in Direct Plan as permissible under Regulation 52(6)(c)(i) and
(6)(a). X% of the TER is charged towards distribution expenses/ commission in the Regular
Plan. The TER of the Direct Plan will be lower to the extent of the abovementioned
distribution expenses/ commission (X%) which is charged in the Regular Plan. (X% to be
replaced with appropriate figure while filing the final SID, at the time of the launch).

Fungibility of expenses: The expenses towards Investment Management and Advisory
Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned
under Regulation 52 (4) of SEBI (MF) Regulations are fungible in nature. Thus, there shall
be no internal sub-limits within the expense ratio for expense heads mentioned under
Regulation 52 (2) and (4) respectively. Further, the additional expenses under Regulation
52(6A)(c) may be incurred either towards investment & advisory fees and/or towards
other expense heads as stated above.

These estimates have been made in good faith as per the information available to and
estimates made by the Investment Manager and are subject to change inter-se or in
total subject to prevailing Regulations. The AMC may incur actual expenses which may
be more or less than those estimated above under any head and/or in total. Type of
expenses charged shall be as per the Regulations.

The AMC will charge the Scheme such actual expenses incurred, subject to the statutory
limit prescribed in the Regulations.

The recurring expenses of the Scheme (including the Investment Management and
Advisory Fees) shall be as per the limits prescribed under the SEBI (MF) Regulations.

Any expenditure in excess of the SEBI regulatory limits shall be borne by the AMC or the
Sponsor.

$ Additional expenses for gross new inflows from specified cities

In addition to the limits as specified in Regulation 52(6) of SEBI (Mutual Funds) Regulations
1996 ['SEBI Regulations'] or the Total Recurring Expenses (Total Expense Limit) as specified
above, the following costs or expenses may be charged to the scheme namely-

(a) expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from
such cities as specified by SEBI from time to time are at least -
(i) 30 per cent of gross new inflows in the scheme, or;
(ii) 15 per cent of the average assets under management (year to date) of the scheme,
whichever is higher.

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-
clause (ii), such expenses on daily net assets of the scheme shall be charged on
proportionate basis.
Provided further that, expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

This sub clause (a) shall be applicable for inflows received during the NFO and post the maturity date when the schemes is converted into an open ended scheme.

# Additional expenses under regulation 52 (6A) (c)

(b) additional expenses, incurred towards different heads mentioned under Regulations 52(2) and 52(4), not exceeding 0.20 per cent of daily net assets of the scheme;

(c) service tax payable on investment and advisory service fees ('AMC fees') charged by Axis Asset Management Company Limited ('Axis AMC');

Further, brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment shall not exceed 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions.

Within the Total Expense Limit chargeable to the scheme, following will be charged to the Scheme:

(a) Service Tax on other than investment and advisory fees, if any, (including on brokerage and transaction costs on execution of trades) shall be borne by the Scheme

(b) Investor education and awareness initiative fees of at least 2 basis points on daily net assets of respective Scheme.

The current expense ratios will be updated on the AMC website viz. www.axismf.com within two working days mentioning the effective date of the change.

C. LOAD STRUCTURE

Load is an amount which is presently paid by the Investor to redeem the Units from the Scheme. This amount is used by the AMC to pay commission to the distributors 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 to the website of the AMC (www.axismf.com) or may call at 1800 3000 3300 or you can contact your distributor.

SEBI vide its circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 has decided that there shall be no entry Load for all Mutual Fund Schemes.

<table>
<thead>
<tr>
<th>Type of Load</th>
<th>Load chargeable (as % of NAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Load</td>
<td>NA</td>
</tr>
<tr>
<td>Exit Load</td>
<td>NA</td>
</tr>
</tbody>
</table>

Units issued on reinvestment of Dividends shall not be subject to Load.
The above mentioned load structure shall be equally applicable to the special products such as SIP, switches, SIP, SWP, etc. offered by the AMC. Further, for switches between the Growth and Dividend Option, no load will be charged by the scheme. However, for switches between the Plans i.e. between Regular and Direct Plan or vice versa, load will be charged by the scheme.

Exit load charged to the investors will be credited back to the scheme net of service tax. The Investor is requested to check the prevailing Load structure of the Scheme before investing.

For any change in Load structure AMC will issue an addendum and display it on the website/ Investor Service Centres.

Under the Scheme, the AMC/ Trustee reserves the right to change / modify the Load structure if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund. The AMC/ Trustee reserves the right to introduce / modify the Load depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the Regulations.

The Redemption Price however, will not be lower than 93% of the NAV. Any imposition or enhancement of Load in future shall be applicable on prospective investments only. The difference between the Redemption price and Sale price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Sale Price.

At the time of changing the Load Structure:
1. An Addendum detailing the changes will be attached to Scheme Information Document (s) and Key Information Memorandum. The addendum may be circulated to all the distributors / brokers so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.

2. The addendum will be displayed on the website of the AMC and arrangements will be made to display the addendum in the form of a notice in all the Investor Service Centres and distributors/ brokers' office.

3. The introduction of the Exit Load along with the details may be stamped in the acknowledgement slip issued to the Investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such Load.

4. 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.

5. Any other measure which the Mutual Fund may consider necessary.

Any change in Load structure shall be only on a prospective basis i.e. any such changes would be chargeable only for Redemptions from prospective purchases (applying first in first out basis).
**Transaction charge:**

In terms of SEBI circular no. CIR/IMD/DF/13/2011 dated August 22, 2011, as amended from time to time, Transaction Charge per subscription of Rs.10,000/- and above shall be charged from the investors and shall be payable to the distributors/brokers (who have opted in for charging the transaction charge) in respect of applications routed through distributor/broker relating to Purchases/subscription/new inflows only (lump sum and SIP). The transaction charge (based on the type of the product), if any shall be deducted by AMC from the subscription amount and paid to the distributor, and the balance shall be invested and accordingly units allotted. The statement of account shall clearly state the net investment as gross subscription less transaction charge. The charge is, subject to the following:

- For Existing/New investors: Rs.100 / Rs.150 as applicable per subscription of Rs.10,000/- and above
- Transaction charge for SIP shall be applicable only if the total commitment through SIP amounts to Rs.10,000/- and above. In such cases the transaction charge would be recovered in maximum 4 successful installments (this is applicable only post maturity when the scheme is converted into an Open ended scheme.
- There shall be no transaction charge on subscription below Rs.10,000/-.
- There shall be no transaction charges on direct investments.
- There shall be no transaction charges for transaction other than purchases/subscriptions relating to new inflows such as Switches, etc.
- Transactions carried out through the Stock Exchange platforms for mutual funds shall not be subject to transaction charges.

SEBI vide its circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 has decided that there shall be no entry Load for all Mutual Fund Schemes. The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder.

The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.

The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the Scheme. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

**D. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

Not applicable

**V. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.
VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

This section shall contain the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

   Not Applicable

2. In case of Indian Sponsor(s), 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 Trustee /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 shall also be disclosed.

   a. Reserve Bank of India has levied penalty of Rs. Fifteen lacs on Axis Bank Ltd. in April 2011 for inadequacies seen in adherence to guidelines on derivatives transactions. The penalty of Rs. Fifteen lacs has been paid by Axis Bank Ltd. on May 5, 2011 to Reserve Bank of India.

   b. SEBI had imposed penalty of Rs. 2 Lakhs on Axis Bank Ltd. in March 2011 for inadequacies seen in adherence to regulations pertaining to Debenture Trustee while conducting the Inspection of books of accounts of Axis Bank Ltd. registered as Debenture Trustee. The penalty of Rs. 2 lacs has been paid by Axis Bank Ltd. on October 7, 2011 to SEBI.

   c. Reserve Bank of India has levied penalty of Rs. 5.001 crore (Rs. Five crore ten thousand only) on Axis Bank Ltd. in April 2013 for inadequacies seen in adherence to guidelines/ regulation pertaining to various areas of operations, including Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards /Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA,2002, sale of gold/silver/platinum-payment in cash, bank finance for purchase of gold, transactions in relation to which PAN or GIR number need to be quoted in all Documents etc. after conducting a review of operations pursuant to sting operation carried out by an online portal. The penalty of Rs. 5.001 crore (Rs. Five crore ten thousand only) has been paid by Axis Bank Ltd. on June 6, 2013 to Reserve Bank of India.

   d. National Securities Depository Limited (NSDL) observed that Axis Bank Ltd. had wrongly captured PAN in three Demat accounts. NSDL has levied penalty of Rs.50/- per wrong PAN details captured, totaling to Rs.150/- in the F.Y. 2012-13.
e. National Securities Clearing Corporation Ltd (NSCCL) has levied a penalty of Rs.40,507.81/- on Axis Bank Ltd. as clearing member for short client margin reporting in case of one of the trading members. The penalty was paid by Axis Bank in its capacity as clearing member in February 2013.

3. 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 thereunder 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 Trustee/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. The details of the violation shall also be disclosed.

Nil

4. 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 Trustee/Trustee Company and/or any of the directors and/or key personnel are a party should also be disclosed separately.

Nil

5. 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 Scheme Information Document, or which has been notified by any other Regulatory Agency, shall be disclosed.

Nil

The Scheme under this Scheme Information Document was approved by the Trustee Company at its Board Meeting held on January 30, 2014. The Trustee has ensured that the Scheme is a new product offered by Axis Mutual Fund and is not a minor modification of its existing schemes.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

for and on behalf of
Axis Asset Management Company Limited

Sd/-
Chandresh Kumar Nigam
Managing Director &
Chief Executive Officer

Date: 
Place: Mumbai