

STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (“SAI”) contains details of Fidelity Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated January 02, 2012.

Abbreviations:

In the SAI the following abbreviations have been used.

AMC	: Asset Management Company
AMFI	: Association of Mutual Funds in India
ASBA	: Applications Supported by Blocked Amounts
BSE	: Bombay Stock Exchange Limited
ECS	: Electronic Clearing System
FII	: Foreign Institutional Investor
FIA	: FIL Investment Advisors, the Sponsor of Fidelity Mutual Fund
IMA	: Investment Management Agreement
ISC	: Investor Service Centre
KIM	: Key Information Memorandum
NAV	: Net Asset Value
NEFT	: National Electronic Funds Transfer
NFO	: New Fund Offer
NRI	: Non-Resident Indian
NSE	: National Stock Exchange of India Limited
PIO	: Persons of Indian Origin
POA	: Power of Attorney
RBI	: Reserve Bank of India
RTGS	: Real Time Gross Settlement
SEBI	: Securities and Exchange Board of India established under the SEBI Act, 1992
SEBI Act	: Securities and Exchange Board of India Act, 1992
SEBI Regulations	: SEBI (Mutual Funds) Regulations, 1996
SID	: Scheme Information Document

Interpretation

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

- The terms defined in the SAI include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to “US\$” refer to United States Dollars and “Rs.” Refer to Indian Rupees. A “Crore” means “ten million” and a “Lakh” means a “hundred thousand”.
- References to a day are to a calendar day including non Business Day.

Please note that words and expressions used in the SAI but not defined will have the same meaning as assigned to them in the SID.

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

Fidelity Mutual Fund (the "Mutual Fund" / the "Fund") has been constituted as a trust in terms of the Trust Deed dated August 09, 2004 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with FIA as the Sponsor and FIL Trustee Company Private Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on February 17, 2005 under Registration Code MF / 050 / 05 / 01.

B. Sponsor

Fidelity Mutual Fund is sponsored by FIA. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.1,00,000 to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

FIA is a company incorporated in Bermuda in 1983 under registration number EC 10326. FIA is registered with the following financial services regulators – The Securities Exchange Commission in US, Securities and Futures Commission in Hong Kong and the Financial Services Agency in Japan. FIA is a wholly owned subsidiary of FIL Limited, a company established in Bermuda.

The financial performance of the Sponsor for the past three years (amount in US \$) is as under:

Particulars	Year ended June 2010	Year ended June 2009	Year ended June 2008
Net Worth	58,923,000	55,590,000	55,868,000
Total Income	89,661,000	115,865,000	178,887,000
Profit after tax	3,173,000	1,355,000	(2,961,000)
Assets Under Management (if applicable)	-	-	-

C. The Trustee

FIL Trustee Company Private Limited (the "Trustee"), through its board of directors, shall discharge its obligations as trustee of Fidelity Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with SEBI Regulations and will also review the activities carried on by the AMC.

1. Details of Trustee Directors:

Name	Age / Qualification	Brief Experience
Mr. Alasdair Boulding	53/ Bachelor of Science (Hons), Sussex University Chartered Accountant	Mr. Boulding is responsible for Fidelity International's Asia Pacific regional compliance and risk functions across eight countries, overseeing the company's business compliance, investment compliance and risk management strategy and performance. Mr. Boulding has over 20 years experience in financial services regulation, of which six have been in the Asia Pacific region, and is based in Hong Kong. Prior to his role in Asia, Mr. Boulding worked for Fidelity in the United Kingdom as Head of Institutional Business Compliance. Prior to this, he worked for Gartmore Plc in London as their Group Head of Compliance and MLRO and at IMRO (a self regulatory organisation and predecessor of the UK FSA) also in London as a Senior Team Leader.

Name	Age / Qualification	Brief Experience
Justice (retired) S. S. Sodhi	78/ B.A.(Hons.) (Economics) –Punjab University, Barrister at Law-Lincoln’s inn (London)	<p>Justice (retired) S. S. Sodhi, a lawyer started practicing law in 1958 in the High Court of Punjab and Haryana and served as a Judge in this High Court during the period 1982 to 1994. During the period from 1968 to 1982, he also served in various positions like the Legal Remembrancer to the Punjab Government; Registrar of the High Court of Punjab; Lok Pal (Ombudsman), Punjab and Haryana; and District and Sessions Judge in Punjab. In 1994, he was appointed as the Chief Justice of the High Court of Allahabad.</p> <p>In 1997 he was appointed as the Chairperson of Telecom Regulatory Authority of India. He is currently a Trustee of the Tribune group of newspapers, Chandigarh; Director of Fortis Hospital, Mohali and President, Chandigarh Lawn Tennis Association.</p>
Mr. K. R. Ramamoorthy	71 / B.A., L.L.B., F.C.S.	<p>Mr. K. R. Ramamoorthy is a senior banker, with over 40 years of commercial and banking experience in India. He was the Chairman and CEO of two of the leading commercial banks in India, one a state-owned commercial bank – Corporation Bank – and the other – ING Vysya Bank Limited – in the private sector. He has also served as an advisor to CRISIL for three years, providing expert advice and guidance on advisory assignments relating to commercial banks in the area of Credit Risk Rating framework.</p> <p>After his rewarding career in leadership positions, Mr. Ramamoorthy has been consulting for commercial banks in India and other developing countries. His services are availed of by The World Bank, International Monetary Fund, International Finance Corporation, commercial banks and international investors in many areas including bank restructuring, strengthening and financial risk assessment.</p> <p>Prior to joining the Indian banking Industry, Mr. Ramamoorthy gained rich career exposure in the private sector for nearly two decades – in pharmaceutical, entertainment, engineering and consumer product marketing, including Liptons, where he served for 15 years.</p> <p>Mr. Ramamoorthy holds degrees in Economics and Law (University Rank holder) and is a senior Fellow Member of the Institute of Company Secretaries of India.</p> <p>Currently he serves on the Boards of ING Vysya Bank Limited, Clearing Corporation of India, Subros Limited, Nilkamal Limited and Amrit Corp. Limited as an Independent Director. He is also –on the Audit and Risk Management Committees of some of these companies and has also served on the various Committees constituted by the RBI and the Indian Banks’ Association.</p>

Name	Age / Qualification	Brief Experience
Mr. Bharat S. Raut	61 / Advocate, B.Com, LL.B, FCA	<p>Mr. Bharat S Raut practiced as a Chartered Accountant for 30 years, up to March, 2005 and for the past 6 years has been practicing as an Advocate. As a Chartered Accountant, he was a Partner of the following Chartered Accountant firms: Sharp & Tannan, Price Waterhouse, Bharat S Raut & Co. (now BSR&Co), BSR & Co. (now BSR & Associates) and Bharat S Raut & Associates (now BSR & Associates)- (founding Partner of the last three firms, which were also the first member firms of KPMG International, in India). He was also a member of the KPMG Advisory Board, India and was actively involved in setting up KPMG operations in India. He was also the Alternate Chairman of The Direct Taxation Committee of the Bombay Chamber of Commerce & Industry.</p> <p>During his professional career, Mr. Bharat S. Raut has gained exposure and experience in the fields of accountancy, taxation and management consultancy.</p> <p>Currently, Mr. Bharat S. Raut serves on the Boards of Grindwell Norton Limited, i-flex Solutions Trustee Company Limited, IDFC Pension Fund Management Company Limited, Bharti AXA General Insurance Company Limited, Bharti AXA Life Insurance Company Limited, Geltec Private Limited, Universal Medicare Private Limited and Tuscan Ventures Private Limited. He is also on the Audit, Audit & Compliance, Risk Management, Remuneration, Investment, Investor Grievance and Share & Debenture Transfer Committees of some of these companies.</p>

2. Rights and obligations of the Trustee

Pursuant to the Trust Deed dated August 9, 2004 constituting the Mutual Fund and in terms of the SEBI Regulations, the rights and obligations of the Trustee, *inter alia*, are as under:

- (a) The Trustee Company has exclusive ownership of the assets of the Schemes of the Fund ("Trust Property") and holds the same in trust and for the benefit of the Unit Holders.
- (b) The Trustee Company has the authority to appoint one or more body corporates to act as an asset management company and to enter into an investment management agreement. With them.
- (c) The Trustee Company shall hold the Trust Property in trust for the benefit of the Unit Holders.
- (d) The Trustee Company is responsible for the management of the Mutual Fund and for providing information to the Unit Holders, the Sponsor, SEBI, and any other regulatory body and to ensure compliance of all statutory formalities by the Mutual Fund / AMC.
- (e) The Trustee Company, through the AMC is, *inter alia*, empowered and entitled to:
 - (i) frame one or more schemes for the issue of Units and frame such rules and regulations for the issue as it may in its absolute discretion deem fit;

- (ii) acquire, hold, manage, trade, lend and dispose of stocks and securities of all kinds, subject to RBI approval;
 - (iii) acquire or enter into or deal in any derivative, option, hedging, swap or other contract of a similar nature, repurchase agreement transactions and to enter into securities lending and borrowing transactions, underwriting and sub underwriting contracts and placings;
 - (iv) calculate the offer, repurchase and redemption prices of Units, including *inter alia* the allowances to be made in computing these prices for contingent liabilities;
 - (v) keep the capital and monies of the Mutual Fund in call or repurchase options or deposit with banks or other financial institutions or companies or any other financial instruments as may be permitted under the SEBI Regulations;
 - (vi) enter into agency arrangements with banks;
 - (vii) enter into agreements or arrangements including agreements / arrangements by way of tie-ups, collaborations, joint ventures with mutual funds, asset management companies, financial institutions, investment companies, banks and other institutions;
 - (viii) do any other kind of business connected with authorization of savings and investments;
 - (ix) accept contributions, grants, and donations;
 - (x) collect, get in and receive the profit, interest, dividend and income of the Trust Property from time to time as and when the same becomes due and receivable;
 - (xi) pay all costs, charges, expenses and outgoings of and incidental to the administration and execution of the Trust and the management and maintenance of the Trust Property and incurred for the same in accordance with and subject to the limits under the SEBI Regulations as may be stipulated from time to time;
 - (xii) appoint brokers, sub-brokers, agents, custodial agents, registrars, share transfer agents for the purpose of purchase and sale of securities, investments under a scheme and to pay their charges;
 - (xiii) appoint and engage advocates, solicitors, valuers, chartered accountants, credit rating agencies, and such other advisers and experts for the purpose of a scheme and to pay their remuneration and charges;
 - (xiv) do all such acts, deeds and things and exercise such powers and sign and execute all such documents, unit certificates, transfer forms, declarations, affidavits, indemnities as it may in its absolute discretion deem fit;
 - (xv) open and operate one or more bank account(s), securities account(s) with RBI and other banks (if permitted) and operate the same;
 - (xvi) deal with all matters arising from the Mutual Fund / AMC, on one hand and the Unit Holders on the other and to settle disputes, if any, with the Unit Holders;
 - (xvii) generally to exercise all such powers as it may be required to be exercised under the SEBI Regulations for the time being in force and do all such matters and things as may promote the Mutual Fund or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Trust Deed;
 - (xviii) pay out of the income of the Trust Property, after deducting all expenses the interest and dividend in accordance with the Scheme and the SID applicable to each scheme;
 - (xix) subject to the provisions of the SEBI Regulations and the Trust Deed, exercise all powers and rights of a trustee under the Indian Trusts Act, 1882 to achieve the objects of the Trust and protect the interests of the Unit Holders.
- (f)** The Trustee Company is responsible for supervising the collection of all income due to be paid to a scheme and for claiming any repayment of tax and holding any income received in trust for the Unit Holders in accordance with the Trust Deed and the SEBI Regulations.
- (g)** The Trustee Company shall *inter alia*:

- (i) at no time acquire any asset out of the Trust Property, which involves the assumption of any liability which is unlimited or results in the encumbrance of the Trust Property in any way, except to the extent permitted by the SEBI Regulations;
- (ii) take reasonable care to ensure that the schemes floated and managed by the AMC, are operated in accordance with the Trust Deed, SID and SEBI Regulations;
- (iii) cause the AMC to ensure that the manner of calculating the offer, repurchase and redemption prices of units, including *inter alia* the allowance to be made in computing these prices for contingent liabilities would be in accordance with the SEBI Regulations and any guidelines issued by SEBI from time to time;
- (iv) be bound to discharge all obligations, duties and responsibilities entrusted to them under the SEBI Regulations.

(h) The Trustees shall exercise due diligence as under:

General Due Diligence:

The Trustee shall;

- (i) be discerning in the appointment of the key personnel, of the AMC.
- (ii) review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- (iii) ensure that the Trust Property is properly protected, held and administered by proper persons and by a proper number of such persons.
- (iv) ensure that all service providers hold appropriate registrations from SEBI or regulatory authorities concerned .
- (v) report to SEBI of any special developments in the Mutual Fund.

Special Due Diligence:

The Trustee shall:

1. arrange for test checks of service contracts at such frequency and in such manner as it shall deem appropriate from time to time.
2. obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee Company.
3. obtain compliance certificates at regular intervals from the AMC.
4. hold meetings of the board of directors of the Trustee Company regularly and frequently.
5. consider the reports of the independent auditor and compliance reports of the AMC at the meetings of the board of directors of the Trustee Company for appropriate action.
6. maintain minutes of the meetings of the board of directors of the Trustee Company.
7. prescribe and adhere to a code of ethics by the Trustee Company, the AMC and its personnel.
8. communicate in writing with the AMC regarding any deficiencies and checking on the rectification of the deficiencies.
9. ensure that the accounts maintained by the AMC follow the accounting policies prescribed by SEBI or any other relevant authority and are in the prescribed format and have the prescribed contents.
10. ensure that all necessary statements in respect of the Mutual Fund and the Trust Property are prepared in the manner required by SEBI Regulations and make or cause to be made all reports, publications, notices and filings with respect to the Mutual Fund required by Indian law.

11. cause the balance sheet and accounts of the Trust to be prepared and submitted to the Sponsor for the accounting year as soon as may be after the end of each accounting year.
 12. cause the affairs of the various schemes of the Trust in respect of every accounting year to be audited by one or more auditors qualified to act as auditors under the law for the time being and obtain their report and submit the same to SEBI or any other Government Authority, if required by the law in force. The auditor shall be appointed by the Trustee Company and the Trustee Company may in its discretion, determine out of what part or parts of the Trust Property or the income thereof, the cost of such audit shall be defrayed and may make such apportionment of such costs as it thinks desirable. Such auditor shall not be the same as the auditor appointed for the AMC.
- (i) The Trustee may amend the Trust Deed with the prior approval of SEBI and the Unit Holders, where it affects the interest of Unit Holders.
- (j) The Trustee Company may, subject to the Regulations, acquire, hold, develop, deal with and dispose of any movable or immovable property either on ownership, rental or other basis whatsoever, with power to let or sublet the same with or without charging any compensation fee or rent as the Trustee may in its absolute discretion deem fit. However, no investment shall be made in immovable property from the resources authorized for a scheme.

3. Trustee – Supervisory role

The Compliance Officer reports directly to the board of directors of the Trustee Company to carry out the supervisory role on behalf of the Trustees. In addition, the Trustees may seek any information from time to time from the AMC. The internal audit of the Fund will be carried out by the internal audit team of the FIL Global Oversight function to facilitate monitoring of the activities of the AMC. On a quarterly basis, an activity report is prepared by the AMC and the same is discussed at the board meetings of the Trustees. During the financial year 2010-2011, six meetings of the Board of Directors of Trustee were held. The audit committee, comprising of all the directors on the board of the Trustee Company with an independent director as its chairman, has been constituted pursuant to the SEBI circular MFD / CIR / 010 / 024 / 2000 dated January 17, 2000 to, inter alia, review internal audit systems and reports from internal and statutory auditors.

4. Trustee – Fees and Expenses

Pursuant to the Trust Deed, the Trustee, in addition to the reimbursement of all costs, charges and expenses incurred in or about the administration and execution of the Fund, is entitled to receive a fee from and out of the Trust Property. As per the Trust Deed, the Trustee's fee can be determined for each Scheme separately. The fee charged for each equity scheme will be 0.025% per annum of the average daily net assets of the respective Scheme and the fee charged for each debt scheme will be 0.001% per annum of the average daily net assets of the respective Scheme or Rs. 1,500,000 per annum per Scheme, whichever is lower. The Trustee fees shall be accrued on a daily basis but the payment shall be made on a monthly basis.

D. Asset Management Company

FIL Fund Management Private Limited is a private limited company incorporated under the Companies Act, 1956 on July 02, 2004 having its registered office at 6th Floor, Mafatlal Centre Nariman Point, Mumbai 400 021. FIL Fund Management Private Limited has been appointed as the AMC of Fidelity Mutual Fund by the Trustee Company vide the Investment Management Agreement dated August 09, 2004 and executed between the Trustee Company and the AMC.

1. Details of AMC Directors

Name	Age / Qualification	Brief Experience
Mr. Moray Taylor - Smith	43 / MSc. in Social Science, University of Leicester, Leicester, United Kingdom	Mr. Taylor-Smith is currently the Head of Code of Ethics and Oversight Service – Asia Region for Fidelity International based in Hong Kong. He has lived and worked in Asia since 1992 and has 24 years of government and private sector security, compliance and management experience. Prior to joining Fidelity in 2004 he was Vice President of Asia for Pinkerton Inc. His government service includes postings at the South African Embassies in Madrid, Spain, Taipei, Taiwan and as liaison officer for the 1992 Olympic Games in Barcelona, Spain.
Mr. Ramesh Savoor	67 / Bachelor of Science, Bachelor of Technology, UDCT	Mr. Savoor retired from Castrol India Limited (“Castrol India”), after a long career, including 12 years as Chief Executive and Managing Director. In the last two years of Mr. Savoor’s tenure with Castrol, Mr. Savoor was also the leader of the business unit comprising India, Middle East and Africa, managed from India, in addition to his role as the Chief Executive & Managing Director of Castrol India. In this capacity as Business Unit Leader, he was also on the Board of Castrol Worldwide. Apart from being a director on the boards of directors of various companies, Mr. Savoor is also a director on the Governing Board of the Indian Institute of Management, Bangalore.
Mr. Arun Duggal	64 / Bachelor of Engineering, Delhi, MBA, IIM Ahmedabad	Mr. Duggal has had a long career with Bank of America and was the Chief Executive Officer and Managing Director of Bank of America before he chose to take early retirement. For about two years, Mr. Duggal was also the Chief Financial Officer of HCL Technologies. Mr. Duggal was also instrumental in establishing the International Asset Reconstruction Company and now is its non-executive – Vice Chairman. He is also an International Advisor to General Atlantic Partners, a leading American Private Equity firm and an advisor to a number of different institutions.
Mrs. Ashu Suyash	44 / B.Com, A.C.A.	Mrs. Suyash is the Managing Director and Country Head of the AMC. She has over 17 years of experience in the banking sector. She held various positions during her stint with Citibank including that of Operations Head, CEO – brokerage business, Head of investor sales, Head of Business Development, Head of Strategy and Business.

2. Duties and Responsibilities of the AMC and the material provisions of the Investment Management Agreement

The duties and responsibilities of the AMC shall be consistent with the SEBI Regulations and the IMA. The AMC shall discharge such duties and responsibilities as provided for under the SEBI Regulations and the IMA. The AMC shall, in the course of managing the affairs of the Fund, *inter alia*:

- (a) provide management, advisory and administrative services for the Trust in accordance with the provisions of the IMA and any resolution of the board of directors of the Trustee Company from time to time;
- (b) formulate and devise various schemes and invest the Trust Fund in accordance with the objects / provisions of the Trust Deed, SEBI Regulations, or circulars issued by SEBI from time to time;
- (c) manage the schemes of the Fund in accordance with the relevant rules and regulations applicable to them (including the provisions of the relevant SID applicable to each scheme) subject to directions from SEBI;
- (d) be responsible for the day-to-day management of the Trust Property and the various schemes of the Fund;
- (e) be responsible for floating and issuing schemes for the Fund after approval of the same by the board of directors of the Trustee Company and SEBI, as well as investing and managing the funds raised under the various schemes, in accordance with the provisions of the Trust Deed and SEBI Regulations;
- (f) ensure that no SID, KIM, abridged half-yearly results and annual results are issued or published without the prior approval of the boards of directors of the AMC and the Trustee Company in writing, and also ensure that such documents do not contain any statements or matter extraneous to the Trust Deed or particulars stated in the SID for a scheme approved by the board of directors of the Trustee Company and SEBI;
- (g) disclose the Repurchase Price and NAV of the various schemes of the Fund to the investors, at such intervals as may be specified by the board of directors of the Trustee Company and in accordance with the SEBI Regulations issued from time to time;
- (h) maintain books and records about the operation of various schemes of the Fund to ensure compliance with SEBI Regulations, and submit a quarterly report on the functioning of each of the various Schemes of the Fund to the Trustee Company or at such intervals and in such manner as may be required or called for by the Trustee Company or by SEBI;
- (i) send periodical reports, as required under the Regulations, in addition to any other reports called for by the Trustee Company or SEBI from time to time;
- (j) instruct the Auditors to examine the Trust's annual statement of accounts and to report on their correctness and authorize the auditors to communicate directly with the Trustee Company at any time;
- (k) publish by public advertisement in newspapers and, if so thought fit, in any other manner, the unaudited half-yearly accounts and audited annual accounts of the various schemes as required under SEBI Regulations; and
- (l) exercise all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the Unit Holders.

3. Other Activities of the AMC

The AMC has received a no objection letter from SEBI for providing / exchanging research on commercial basis to entities / managers / advisors within the FIL Group. The research provided / exchanged by the AMC will not be in conflict with the asset management activity of the Fund.

4. Information on key personnel

Employee	Designation	Age	Qualifications	Total no. of years of Experience	Assignments held during last 10 years	Period From – To
Ashu Suyash	Managing Director and Country Head	44	B.Com., A.C.A.	22	FIL Fund Management Private Limited (Managing Director and Country Head)	2004 till date
					Citibank(Head of Strategy and Business Development)	2001 – 2003
					Citibank(Head of Business Development – Times of money.com)	2000 – 2001
Alexander Treves	Head of Investments	38	B.A., CFA	16	FIL Fund Management Private Limited (Head of Investments)	April 2010 till date
					Fidelity, Tokyo	2007-2010
					Fidelity, London	2006-2007
					Merrill Lynch Investment Managers, UK	2000-2006
Sandeep Kothari	Fund Manager (Equity)	40	B.Com., C.A.	17	FIL Fund Management Private Limited (Portfolio Manager -Equity)	2006 till date
					FIL Investment Management Limited (Portfolio Manager)	2005 – 2006
					FIL Investment Management Limited (Investment Analyst)	2002 – 2005
					CLSA (Global Pharma Analyst and Indian Equity Strategist)	2001 – 2002
Nitin Bajaj	Fund Manager (Equity)	34	B.Com (H); Chartered Accountant (India); MBA (INSEAD)	12	FIL Fund Management Private Limited (Portfolio Manager -Equity)	2009 till date
					FIL Limited (Analyst; Assistant Portfolio Manager)	2003 – 2009
					KPMG/Bharat S. Raut & Co. (Associate Transaction Services)	2000 – 2002
Mahesh Chhabria	Assistant Fund Manager and Credit Analyst	35	B.Com, FCA (ICAI), CFA (ICFAI), FRM (GARP)	11	FIL Fund Management Private Limited (Assistant Fund Manager and Credit Analyst)	2006 till date
					Birla Sunlife Asset Management Company Limited (Fund Manager and Senior Credit Analyst)	2002-2006
					RSM & Co. (Qualified Assistant)	1999-2002

Employee	Designation	Age	Qualifications	Total no. of years of Experience	Assignments held during last 10 years	Period From – To
Vinod Venkateswaran	Head – Operations	37	B.Com, A.I.I.I., C.S.	14	FIL Fund Management Private Ltd.(Head – Operations)	December 2009 till date
					FIL Fund Management Private Ltd. (Head – Customer Services & Client Administration)	2009 (July-December)
					FIL FundsNetwork Private Ltd. (Head – Operations)	2009 (February-June)
					FIL Fund Management Private. Ltd.(Head – Customer Services)	2007-2009
					Fidelity Business Services India Private. Ltd (Senior Manager – Customer Services)	2006-2007
					Kotak Mahindra Asset Management Company Ltd. (Vice President- Investor Services and Distributor Services)	2002-2006
					SSKI Investor Services Private. Ltd. (Manager- Customer Services)	2000-2002
Hemang Bakshi	Director- Legal and Compliance, Risk Manager	46	B.Com., A.C.S., C.P.A. (U.S.A.)	21	FIL Fund Management Private Limited (Director - Legal and Compliance)	2007 till date
					FIL Fund Management Private Limited (Head- Legal and Compliance)	2003-2007
					Kotak Mahindra Asset Management Company Limited (Vice President – Compliance)	1996 – 2003
Vikram Chopra	Assistant Fund Manager and Trader (Fixed Income)	33	B.Com. (HONS), M.B.A. (Institute of Management Technology, Ghaziabad)	9	FIL Fund Management Private Limited (Assistant Fund Manager and Trader (Fixed Income)	2006 till date
					IDBI Bank Limited (Manager – Treasury)	2002-2006
					Axis Bank Limited (Deputy Manager – Merchant Banking)	2001-2002
Jalpan Shah	Trader (Fixed Income)	31	B.E. (Mech), PGDM	8	FIL Fund Management Private Limited (Trader- Fixed Income)	2009 till date
					FIL Fund Management Private Limited (Research Associate)	2007 – 2009
					Lotus India Asset Management Co. Pvt. Ltd. (Research Analyst)	September - November 2007

Employee	Designation	Age	Qualifications	Total no. of years of Experience	Assignments held during last 10 years	Period From – To
					UTI Asset Management Co. Pvt. Ltd. (Credit and Economy Research)	2006 – 2007
					UTI Asset Management Co. Pvt. Ltd. (Product Manager)	2005 – 2006
					UTI Asset Management Co. Pvt. Ltd. (Manager – Sales)	2004 – 2005
Suraj Kaeley	Director – Sales and Product Development	46	B.Sc., MMS	22	FIL Fund Management Private Limited (Director – Sales and Product Development)	2009-till date
					FIL FundsNetwork Private Limited (Director)	2008-2009
					FIL Fund Management Private Limited (Director –Sales and Business Development)	2007 – 2008
					FIL Fund Management Private Limited (Director –Business Development)	2006- 2007
					Met Life India Insurance Co. Private Limited (Chief Marketing Officer and Head Individual Business)	2003 – 2006
					Franklin Templeton Asset Management (India)Private Limited (Senior Vice President – Sales and Marketing)	1996 – 2003
Shriram Ramanathan	Fund Manager (Fixed Income)	35	CFA (CFA Institute), PGDBM ((XLRI, Jamshedpur) Bachelor's Degree in Electrical Engineering (Sardar Patel College of Engineering, Mumbai)	14	FIL Fund Management Private Limited (Portfolio Manager - Fixed Income)	December 2009 till date
					ING Investment Management Asia Pacific Hong Kong (Senior Investment Manager – Global Emerging Market Debt (Asia)	2005 – 2009
					ING Investment Management (India) Private Limited (Portfolio Manager – Fixed Income (India)	2003-2005
					Zurich (India) Asset Management Company	2001 – 2003
					ICICI Bank Limited – Treasury	2000 – 2001

Employee	Designation	Age	Qualifications	Total no. of years of Experience	Assignments held during last 10 years	Period From – To
Anirudh Gopalakrishnan	Fund Manager	31	M.B.A., B.A. Economics	10	FIL Investment Advisors	2007-2010
	(Foreign Securities)				McKinsey and Company – (Business Analyst)	2002-2005
Paras Nayyar (w.e.f August 22, 2011)	Head of Finance	33	B.COM (H), Charetered Accountant	13	FIL Fund Management Private Limited (Head of Finance)	Since August 2011
					FIL India Business Services Private Limited (Head of India Business Finance)	2009 - August 2011
					Fidelity Business Services India Private Limited (Associate Director -Business Finance)	2004 – 2009
					Fidelity Technology India Private Limited (Manager -Business Finance)	2003 - 2004
					Bharat S Raut (Assurance Senior)- June 2008 to June 2003	1998 - 2003

Mr. Hemang Bakshi is the Compliance Officer of the Fund.

The AMC has six Fund Managers (including two assistant fund managers) and seven Research / Credit Analysts. All the key personnel are based at the Corporate Office of the AMC in Mumbai.

Personnel of Investment Department

Employee	Designation	Age	Qualifications	Total number of years of experience	Assignments held during last 10 years
Amit Goel	Research Associate	32	B. Pharm, M.B.A. (Finance) - IIT Delhi	5	Fidelity Business Services India Private Limited (Research Specialist)
					First Global Stock broking Private Limited (Investment Analyst)
Ashish Bharadwaj	Research Analyst	35	M.B.A., M.S., B. Tech	11	Services SPAN Private Limited (Project Leader)
					Spin-Off Advisors Private Limited- (Equity Research Analyst)
					FIL Investment Management (Hong Kong) Limited (Summer Internship)

Employee	Designation	Age	Qualifications	Total number of years of experience	Assignments held during last 10 years
Vikas Garg	Credit Associate	30	M.B.A – XLRI Jamshedpur, M.Tech and B.Tech Chemical Engineering (Integrated Dual Degree) – IIT Delhi	6	ICRA Ltd, - (Sr. Analyst, Financial Sector Analyst)
					India Oil Corporation Ltd – (Production Engineer)
Mohit Mandhana	Research Associate	32	B.Tech, M.B.A	8	Fidelity, Gurgaon – (Research Specialist)
					Irevna Research Services – (Manager)
					Infosys Technologies – (Software Engineer)
Akshen Thakkar	Investment Analyst	29	B.Com, M.B.A. (Finance), C.F.A. Level II	5	Enam Securities Private Limited – (Vice President – Research)
					Sharekhan - (Management Trainee – Research)
Kuleen Tanna	Investment Analyst	28	M.B.A. , C.A., B.Com	5	JM Financial Investment Managers – (Associate)
					JM Morgan Stanley – (Research Associate)
					Orbis Investment Management Limited, Bermuda – (Summer Internship)
Ajinkya Dhavale	Research Associate	27	C.A.	6	Bajaj Allianz Insurance Limited – Investment Analyst
					Motilal Oswal – (Vice President Research)
					IL & FS Investment – (Analyst)
					Morgan Stanley Advantage Services Limited – (Associate)

5. Shareholding Pattern of the AMC

The shareholding pattern of the AMC is as follows:

Name of the Shareholder	Type of holdings	Holdings
FIA [via FID Investments (Mauritius) Limited, its subsidiary]	Equity Shares	99.99%
FIL Services (Bermuda) Limited	Equity Shares	0.01%
FIA [via FID Investments (Mauritius) Limited, its subsidiary]	Preference Shares	100%

For note on the activities of FIA, please refer to the paragraph titled "Sponsor". FIL Services (Bermuda) Limited is a wholly owned subsidiary of FIL Limited, a company established in Bermuda.

6. Procedure and Recording of Investment Decisions

All investment decisions, relating to the Schemes, are being undertaken by the AMC in accordance with the SEBI Regulations and the investment objectives specified in the SID. All investment decisions taken by the AMC in relation to the corpus of the Schemes are being recorded.

With regard to investments in any equity and debt instruments, individual scrip wise reasons are being recorded by the fund manager at the time of placing individual orders. In case of investments in equity instruments the reasons are being recorded at the time of giving instructions to the dealing desk in Hong Kong. A detailed report is made before taking any decision to invest in a company for the first time. Performance of the Schemes is periodically tabled before the boards of the AMC and the Trustee respectively. Performance of the Schemes vis-à-vis their respective benchmark indices are being periodically monitored by the boards of the Trustee and the AMC. Further, the boards of the Trustee and the AMC also review the performance of the Schemes in the light of performance of the mutual fund industry as published from time to time by independent research agencies and financial newspapers and journals.

The AMC has appointed investment committees for the equity and debt / fixed income Schemes comprising of the fund manager of the respective Scheme, a research / credit analyst of the AMC, FIL Group Chief Investment Officers, Head of Investments-Equity/Group Leader Asian Fixed Income and the Compliance Officer. The role of the Committee is to lay down the broad investment policy for the Schemes, review the policy and to review the portfolio and performance of the Schemes periodically. However the day to day investment management decision will solely be of the fund manager of the respective Scheme.

E. Service Providers

(a) Custodian

JP Morgan Chase Bank, Mumbai having its registered office at J.P. Morgan Tower, CTS No. 5435, Kalina, Santacruz East Mumbai - 400 098, has been appointed as custodian of the Schemes of the Fund. The Custodian is registered with SEBI under the SEBI (Custodians of Securities) Regulations, 1996, vide registration number IN/CUS/014 dated November 10, 1998. The Trustee has the right to change the Custodian in certain circumstances.

(b) Registrar and Transfer Agent

Computer Age Management Services Private Limited ("CAMS"), having its registered office at New No.10, Old No.178, M. G. R. Salai, Nungambakkam, Chennai - 600 034, has been

appointed to act as the registrar and transfer agent to the Schemes of the Fund in accordance with the Registrar and Transfer Agent Agreement dated September 10, 2004. The Registrar is registered with SEBI under the SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 vide registration no. INR000002813. The boards of the Trustee and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to Unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. The AMC has the right to change the Registrar in certain circumstances.

(c) Statutory Auditor

Price Waterhouse, Chartered Accountants, having an office at 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai 400 028, are the auditors appointed for the Fund. The Trustee has the right to change the statutory auditor in certain circumstances.

(d) Fund Accountant

JP Morgan Chase Bank, Mumbai having its office at J.P. Morgan Tower, CTS No. 5435, Kalina Santacruz (E), Mumbai 400 098 India, has been appointed as the fund accountant for the Schemes of the Fund. JP Morgan Chase Bank provides fund accounting, NAV calculation and other related services in accordance with an Administration Agreement dated February 17, 2005 between the AMC and JP Morgan Chase Bank. The AMC has the right to change the fund accountant in certain circumstances.

F. Condensed Financial Information

Historical Per Unit Statistics	Fidelity International Opportunities Fund			Fidelity India Growth Fund		
	May 2008 to March 2009	April 2009 to March 2010	April 2010- March 2011	April 2008 to March 2009	April 2009- March 2010	April 2010- March 2011
NAV at beginning of year / Allotment Date (Rs.)	9.943 (G) / 9.943 (D)	6.30 (G)/ 6.30 (D)	12.018 (G) / 12.018 (D)	8.247 (G) / 8.247 (D)	5.612(G) / 5.612(D)	10.733(G) / 10.733(D)
Dividend (Rs.)	-	-	-	-	-	-
NAV as at the end of the period (Rs.)	6.300 (G) / 6.300 (D)	12.018 (G)/ 12.018 (D)	13.839 (G) / 13.839 (D)	5.612 (G) / 5.612 (D)	10.7333 (G) / 10.7333 (D)	12.652(G) / 12.652 (D)
Scheme returns as at the end of the period						
Annualised	(36.64%)	93.84%	15.15%	(31.95%)	91.25%	17.88%
Absolute	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Net Assets at end of the period (Rs. Crs.)	587.35	624.67	420.96	386.84	439.45	339.91
Ratio of Recurring Expenses to net assets (%)	2.09%	2.15	2.25%	2.25%	2.24 %	2.32 %

Historical Per Unit Statistics	Fidelity Flexi Gilt Fund			Fidelity India Special Situations Fund		
	April 2008 to March 2009	April 2009-March 2010	April 2010-March 2011	April 2008 to March 2009	April 2009-March 2010	April 2010-March 2011
NAV at beginning of year / Allotment Date (Rs.)	11.3775 (G) / 10.0341 (D)	6.30 (G)/ 6.30 (D)	11.6620(G) / 10.1646 (D)	13.359 (G) / 13.359 (D)	7.868(G) / 7.868(D)	16.672 (G) / 15.117(D)
Dividend (Rs.)	0.12	-	0.25	-	1.50	-
NAV as at the end of the period (Rs.)	11.6620(G) / 10.1646 (D)	12.018 (G)/ 12.018 (D)	11.9589(G) / 10.1712 (D)	7.868 (G) / 7.868 (D)	16.672 (G) / 15.117 (D)	18.715 (G) / 16.970 (D)
Scheme returns as at the end of the period						
Annualised	2.50%		2.55%	(41.10 %)	111.90%	12.25
Absolute	N.A.		N.A.	N.A.	N.A.	N.A.
Net Assets at end of the period (Rs. Crs.)	61.64	624.67	39.04	761.35	1052.20	876.92
Ratio of Recurring Expenses to net assets (%)	1.10%	2.15%	1.10	2.01%	2.03 %	2.06 %

	Fidelity Cash Fund								
	April 2008 to March 2009			April 2009 to March 2010			April 2010 to March 2011		
	Retail Plan	Institutional Plan	Super Institutional Plan	Retail Plan	Institutional Plan	Super Institutional Plan	Retail Plan	Institutional Plan	Super Institutional Plan
NAV at beginning of year / Allotment Date (Rs.)	11.0283 (G)/ 10.0001 (DD)/ 10.0182 (WD)/	11.0861 (G)/ 10.0001 (DD)/ 10.0167 (WD)/	11.1051 (G)/ 10.0001 (DD)/ 10.0000 ^ (WD)/ 10.0000 ^	11.9123 (G)/ 10.0025 (DD)/ 10.0027 (WD)/	12.0227 (G)/ 10.0025 (DD)/ 10.0182 (WD)/	12.0545 (G)/ 10.0052 (DD)/ 10.0000 \$ (WD)/	12.3309 (G)/ 10.0025 (DD)/ 10.0027 (WD)/	12.4950(G)/ 10.0025 (DD)/ 10.1066 (WD)/ 10.000\$	12.5466 (G)/ 10.1476 (DD)/ 10.0000 \$

	10.0139 (MD)	10.0149 (MD)	(MD)	10.0146 (MD)	10.0000\$ (MD)	10.0000 \$ (MD)	10.0146 (MD)	(MD)	(WD)/ 10.0000 \$ (MD)
Dividend (Rs.)	0.77 (DD)/ 0.77 (WD)/ 0.77 (MD)	0.81 (DD)/ 0.79 (WD)/ 0.64 (MD)	0.81 (DD)	0.35 (DD)/ 0.34 (WD)/ 0.35 (MD)	0.39 (DD)/ 0.30 (WD)/ -- (MD)	0.26 (DD)	0.57 (DD)/ 0.57 (WD)/ 0.57 (MD)	0.61 (DD)/ 0.55 (WD)/ -- (MD)	0.56 (DD)
NAV as at the end of the period (Rs.)	11.9123 (G)/ 10.0025 (DD)/ 10.0027 (WD)/ 10.0146 (MD)	12.0227 (G)/ 10.0025 (DD)/ 10.0182 (WD)/ 10.0000 \$ (MD)	12.0545 (G)/ 10.0052 (DD)/ 10.0000 ^ (WD)/ 10.0000 ^ (MD)	12.3309 (G)/ 10.0025 (DD)/ 10.0038 (WD)/ 10.0102 (MD)	12.4950 (G)/ 10.0025(D D)/ 10.1066 (WD)/ 10.0000 \$ (MD)	12.5466 (G)/ 10.1476 (DD)/ 10.0000 \$(WD)/ 10.0000 \$ (MD)	13.0577 (G)/ 10.0025 (DD)/ 10.0088 (WD)/ 10.0168 (MD)	13.2847 (G)/ 10.0025(D D)/ 10.1762 (WD)/ 10.0000 \$ (MD)	13.3595 (G)/ 10.2330 (DD)/ 10.0000 \$(WD)/ 10.0000 \$ (MD)
Scheme returns as at the end of the period									
Annualised	8.02%	8.45%	8.55%	3.51%	3.93%	4.08%	3.51%	3.93%	5.89
Absolute	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Net Assets at end of the period (Rs. Crs.)		274.64			98.17			246.28	
Ratio of Recurring Expenses to net assets (%)		0.18%			0.38%			0.36%	

Historical Per Unit Statistics	Fidelity Equity Fund			Fidelity Tax Advantage Fund		
	April 2008 to March 2009	April 2009 to March 2010	April 2010 to March 2011	April 2008 to March 2009	April 2009 to March 2010	April 2010 to March 2011
NAV at beginning of year / Allotment Date (Rs.)	24.146 (G) / 16.089 (D)	16.281 (G) / 10.849 (D)	30.849 (G) / 19.522 (D)	14.576 (G) / 13.087 (D)	9.909 (G) / 8.896 (D)	18.916 (G) / 16.983 (D)
Dividend (Rs.)	-	1.00	1.50	-	-	-1.50
NAV as at the end of the period (Rs.)	16.281 (G) / 10.849 (D)	30.849 (G) / 19.522 (D)	36.407 (G) / 21.512 (D)	9.909 (G) / 8.896 (D)	18.916 (G) / 16.983 (D)	22.463 (G) / 18.705 (D)
Scheme returns as at the end of the period						
Annualised	(32.57%)	89.48%	18.02%	(32.02%)	90.90%	18.75%
Absolute	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Net Assets at end of the period (Rs. Crs.)	1,833.10	2,822.19	3,288.38	728.10	1,162.17	1,280.88
Ratio of Recurring Expenses to net assets (%)	1.88%	1.86%	1.85%	2.11%	2.04%	2.00%

Historical Per Unit Statistics	Fidelity Flexi Bond Fund					
	April 2008 to March 2009		April 2009 to March 2010		April 2010 to March 2011	
	Retail Plan	Institutional Plan	Retail Plan	Institutional Plan	Retail Plan	Institutional Plan
NAV at beginning of year / Allotment Date (Rs.)	11.0827 (G) / 10.0663 (D)	11.1179 (G) / 10.0205 (D)	12.1498 (G) / 10.0839 (D)	10.0000 (G) / 10.0000 (D) \$	12.5410 (G) / 10.1449 (D)	10.0000 (G) / 10.0000 (D) \$
Dividend (Rs.)	0.92	0.28	--	0.26	0.29	--
NAV as at the end of the period (Rs.)	12.1498 (G) / 10.0839 (D)	10.0000 (G) / 10.0000 (D) \$	12.5410 (G) / 10.1449 (D)	10.0000 (G) / 10.0000 (D) \$	12.9450 (G) / 10.1780 (D)	10.2466 (G) / 10.0000 (D) \$
Scheme returns as at the end of the period						
Annualised	9.63%	-	9.63%	3.22%	9.43%	N.A.
Absolute	N.A.	N.A.	N.A.	N.A.	N.A.	3.22%
Net Assets at the end of the period (Rs. Crs.)	26.82		69.13		33.90	
Ratio of Recurring Expenses to net assets (%)	1.04 % @		1.75 % @		1.45 % @	

Historical Per Unit Statistics	Fidelity Ultra Short Term Debt Fund								
	April 2008 to March 2009			April 2009 to March 2010			April 2010 to March 2011		
	Retail Plan	Institutional Plan	Super Institutional Plan	Retail Plan	Institutional Plan	Super Institutional Plan	Retail Plan	Institutional Plan	Super Institutional Plan
NAV at beginning of year / Allotment Date (Rs.)	10.4007(G)/	10.0910(G)/ 10.0009(DD)/ 10.0167(WD) /	10.4275(G)/ 10.0014(DD)/ 10.0167(WD)/	11.2606(G)/	10.9691(G)/ 10.0025(DD)/ 10.0032(WD)	11.9161(G) / 10.0025(DD) / 10.0039(WD) /	11.7588(G) /	11.5004(G)/ 10.0025(DD) / 10.0038(WD)	11.9161(G) / 10.0025(DD) / 10.0039(WD) /
	10.0147(MD)	10.0000(MD)	10.0000(MD) ^	10.0024 (WD)	10.0116(MD)	10.0000 (MD) \$	10.0031 (WD)	10.0000(MD)	10.0000 (MD) \$
				10.0124(MD)			10.0079(MD)		
Dividend	0.70 (WD)/	0.83 (DD)/	0.84 (DD) /	0.43 (WD)/	0.48 (DD)	0.49 (DD) /	0.59 (WD)/	0.64 (DD)	0.66 (DD) /
	0.80 (MD)	0.83 (WD)/	0.85 (WD)	0.44 (MD)	0.47 (WD)/	0.48 (WD)	0.59 (MD)	0.63 (WD)/	0.65 (WD)
		0.80 (MD)			0.06 (MD)			0.49 (MD)	
NAV as at the end of the period:	11.2606(G)/	10.9691 (G)/	11.3486 (G)/	11.7588(G)/	11.5004 (G)/	11.3486 (G)/	12.4909(G) /	12.2653 (G)/	12.7277 (G)/
	10.0024(WD)&	10.0025(DD)/	10.0025 (DD)/	10.0031(WD)&	10.0025(DD)/	10.0025 (DD)/	10.0142(WD)&	10.0068(DD) /	10.0109 (DD)/
	10.0124(MD)	10.0032(WD) 10.0116(MD)	10.0030 (WD)/	10.0079(MD)	10.0038(WD)	10.0030 (WD)/	10.0213(MD)	10.0149(WD)	10.0152 (WD)/
			10.0000 (MD) ^		10.0000(MD)	10.0000 (MD) ^		10.0221(MD)	10.0000 (MD) ^
Scheme returns as at the end of the period :									
Annualised	8.27%	8.70%	8.83%	4.42%	4.84%	5.00%	6.23%	6.65%	6.81%
Absolute	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.			
Net Assets at the end of the period (Rs. Crs.)	993.32			1028.45			540.11		
Ratio of Recurring Expenses to net assets (%)	0.26% @			0.43%			0.48%		

Historical Per Unit Statistics	Fidelity India Value Fund		Fidelity Global Real Assets Fund	
	January 08, 2010 to March 31, 2010	April 2010 to March 2011	February 11, 2010 to March 31, 2010	April 2010 to March 2011
NAV at beginning of year / Allotment Date (Rs.)	10.0000 (G) 10.0000(D)	10.3490 (G) 10.3490 (D)	10.0000 (G) 10.0000(D)	10.870 (G) 10.870(D)
Dividend	----	---	---	
NAV as at the end of the period:	10.349 (G) / 10.349 (D)	11.177 (G) 11.177 (D)	10.870 10.870	13.272 (G) 13.272(D)
Scheme returns as at the end of the period :				
Annualised	N.A.	8.00%	N.A	22.10
Absolute	3.49%		8.70%	--
Net Assets at the end of the period (Rs. Crs.)	192.86	164.28	84.11	110.26
Ratio of Recurring Expenses to net assets (%)	2.38% @	2.38%	0.75%	0.75%

Historical Per Unit Statistics	Fidelity Wealth Builder Fund								
	February - March 2009			April 2009 - March 2010			April 2010 -March 2011		
	Plan A	Plan B	Plan C	Plan A	Plan B	Plan C	Plan A	Plan B	Plan C
NAV at beginning of year / Allotment Date (Rs.)	10.0000 (G)/ 10.0000 (D)	10.0000 (G)/ 10.0000 (D)	10.0000 (G)/ 10.0000 (D)	10.0598(G) / 10.0598 (D)	10.1884 (G) / 10.1884 (D)	10.4279 (G) / 10.4279 (D)	11.2734 (G) / 10.3221 (D)	12.3447 (G) / 10.8546 (D)	13.8642 (G) / 11.5129 (D)
Dividend (Rs.)	N.A.	N.A.	N.A.	0.93	1.43	2.2	0.4000	0.5500	0.7500
NAV as at the end of the period (Rs.)	10.0598 (G)/ 10.0598 (D)	10.1884 (G)/ 10.1884 (D)	10.4279 (G)/ 10.4279 (D)	11.2734 (G) / 10.3221 (D)	12.3447 (G) / 10.8546 (D)	13.8642 (G) / 11.5129 (D)	11.8099 (G) / 10.4069	13.1904(G) / 11.0379	15.2029(G) / 11.8592
Scheme returns as at the end of the period :									

Annualised	N.A.	N.A.	N.A.	12.06%	21.16%	32.95%	4.76%	6.85%	9.66%
Absolute	0.60%	1.88%	4.28%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Net Assets at the end of the period (Rs. Crs.)	8.85	1.65	1.92	58.36	23.65	28.86	30.67	43.45	47.53
Ratio of Recurring Expenses to net assets (%)	0.50 % @	0.50 % @	0.50 % @	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Historical Per Unit Statistics	Fidelity Short Term Income Fund	Fidelity India Children's Plan		
	December 2010 to March 2011	February 2011 to March 2011		
		Marriage Fund	Education Fund	Savings Fund
NAV at beginning of year / Allotment Date (Rs.)	----- 10.3490 (G) 10.3490 (D)	---	---	---
Dividend	0.2032	---	---	---
NAV as at the end of the period:	10.2619 (G) / 10.0566 (D)	10.319 (G)/ 10.319 (D)	10.260 (G)/ 10.260 (D)	10.1107 10.1107 (D)
Scheme returns as at the end of the period :				
Annualised	N.A. 8.00%	N.A		
Absolute	2.62%	3.19%	2.60%	1.11%
Net Assets at the end of the period Rs. Crs.)	110.26 164.28	8.29	7.03	0.98
Ratio of Recurring Expenses to net assets (%)	1.10% @ 2.38%	2.50%	2.50	1.00

Notes:

- Returns of the schemes are given for growth options only. The difference between the two options is only to the extent of dividend and tax pay out.
- For the schemes that have not completed one year at the end of the respective year, returns for such periods are given as absolute returns and are not annualized.

3. ^ - Since there were no investors in this plan(s) at the beginning and end of the period, the NAV is shown as Rs. 10.
4. \$ - Since there were no investors in this plan(s) as on March 31, 2011 NAV is shown as Rs. 10.
5. & - The weekly dividend option was introduced under the Retail Plan with effect from May 13, 2008 and hence the NAV at the beginning of the year is not shown.

II. HOW TO APPLY

This section must be read in conjunction with Section IV of the SID of the relevant Scheme of the Mutual Fund.

Application Forms / Transaction Slips for the Purchase of Units of a Scheme will be available at the, ISCs / distributors. Applications filled up and duly signed by all joint investors should be submitted along with the cheque / draft / other payment instrument to a Designated Collection Centre. Please refer to the paragraph "How to pay" for details of payment.

In respect of all the equity schemes and Fidelity Global Real Assets Fund, in addition to the existing modes for transactions, the investors can now subscribe to the Units of the schemes during the New Fund Offer Period through the mutual fund trading platforms of BSE and NSE. The facility for transacting through the abovementioned platforms will also be available for purchase and redemption of Units of during the Ongoing Offer Period.

Applications should be made in adherence to the requirements pertaining to minimum purchase amounts.

It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar / AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.

As per provisions of SEBI, all investors (resident and non-resident) transacting in the Schemes of the Fund, irrespective of the amount of transaction, are required to provide the Permanent Account Number ("PAN") (supported by a certified* copy of the PAN card) to the AMC. In case of investors who do not provide a certified* copy of the PAN card, the application for transaction in units of the Schemes will be rejected by the Fund.

**Investors are requested to submit a copy along with the original for verification at the investor service centres of the Mutual Fund/CAMS, which will be returned across the counter. Alternatively, a distributor empanelled with the Mutual Fund can attest a copy. A true copy bearing a Bank Manager's or a Notary Public's attestation will also be accepted.*

This clause does not apply to investors residing in the state of Sikkim, officials of Central Government, State Government and those appointed by the Courts e.g. Official Liquidator, Court Receiver, etc. (under the category of Government).

The aforesaid exemption is applicable to (i) investments only by individuals (including Non Resident Indians, but not Persons of Indian Origin), minors and sole proprietary firms; and (ii) joint holders.

Uniform Know Your Customers (“KYC”) requirements for the Securities Market

With effect from January 01, 2012, all investors other than KYC compliant investors are required to follow the new KYC compliance procedure as mentioned below while making any investments with Fidelity Mutual Fund (“the Fund”):

- Fill up and sign the KYC application form (for individual investors or non-individual investors as appropriate) available on the Fund’s web site i.e. www.fidelity.co.in.
- At the time of transacting with the Fund, submit, **in person**, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form with any of the offices of the distributors (qualified as per the following note), Registrar and Transfer Agent of the Fund and the Fund; and
- Obtain a temporary acknowledgement for submission of all the documents and completion of IPV;

Note : As per the SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011, it is mandatory for SEBI registered intermediaries to carry out “In-Person Verification” (“IPV”) of any investor dealing with a SEBI registered intermediary.

For investments in a mutual fund, the Asset Management Companies, Registrar and Transfer Agents of mutual funds and distributors which comply with the certification process of National Institute of Securities Market or Association of Mutual Funds in India and have undergone the process of “Know Your Distributors” are authorised to carry out the IPV. Unless the IPV process is completed, the investor will not be considered as KYC compliant under the new KYC compliance procedure and hence will not be permitted to make any investment in the Fund;

For investors proposing to invest with the Fund directly (i.e. without being routed through any distributor), IPV done by a scheduled commercial bank may also be relied upon by the Fund.

Once all the documents are verified by a KRA, they will send the investor a letter within 10 working days from the date of receipt of necessary documents by them from the Fund or its Registrar and Transfer Agent informing the investor either about compliance by the investor of the new KYC compliance procedure (“**final acknowledgement**”) or any deficiency in submission of details or documents.

On the basis of the temporary acknowledgement or the final acknowledgement the investor would be eligible to deal with any of the SEBI registered intermediaries as mentioned in the above mentioned SEBI circulars.

The existing investors who have already complied with the KYC requirements and have the KYC Compliance letter issued by CDSL Ventures Limited are currently not required to comply with the above mentioned procedure.

Further, investors investing under a SIP up to Rs. 50,000 per year i.e. the aggregate of installments in a rolling 12 month period (“Micro SIP”), are also required to comply with the above mentioned KYC procedure. However, they are exempt from the requirement of providing PAN as a proof of identification.

Applications incomplete in any respect (other than mentioned above) will be liable to be rejected.

In order to protect investors from frauds, it is advised that the Application Form number / folio number and name of the first investor should be written overleaf the cheque / draft, before they are handed over to any courier / messenger / distributor / ISC.

In order to protect investors from fraudulent encashment of cheques, SEBI Regulations require that cheques for Redemption of Units specify the name of the Unit Holder and the bank name and account number where payments are to be credited. Hence, all applicants for Purchase of Units must provide a bank name, bank account number, branch address, and account type in the Application Form.

A. How to pay

All cheques / drafts must be drawn in favour of the Scheme name (for eg: either "Fidelity Equity Fund" or "Fidelity Flexi Bond Fund") in which the investor proposes to invest except in case of Fidelity Wealth Builder Fund where the cheques / drafts must be drawn in favour of the Scheme and Plan name (for eg: "Fidelity Wealth Builder Fund – Plan A"). They should be crossed "Account Payee only". A separate cheque or bank draft must accompany each application. If the amount mentioned on the application is different from the amount mentioned on the accompanying cheque or bank / demand draft, then the amount which is lower in value will be treated as the application amount and the application will be processed accordingly.

In case the name of the Scheme / Plan mentioned on the Application Form differs from the name mentioned on the accompanying payment instrument, then the application will be treated as an application for the Scheme / Plan mentioned on the Application Form.

Payment can be made by either

- cheque;
- draft (i.e. demand draft or bank draft); or
- a payment instrument (such as pay order, banker's cheque, etc.)
- a payment mode as may be approved by the AMC from time to time.

The cheque should be payable at a bank's branch, which is situated at and is a member of the Banker's Clearing House / Zone in the city where the application is submitted to a Designated Collection Centre.

Applications accompanied by outstation demand drafts must be submitted / sent by post or courier at the following address:

Computer Age Management Services Private Limited
Unit: Fidelity Mutual Fund
178 / 10, Kodambakkam High Road,
Opposite Hotel Palm Grove,
Chennai - 600 034

An investor may invest through a distributor / stock exchanges with whom the AMC has made an arrangement, whereby payment may be made through ECS / NEFT / RTGS / SI or in any manner acceptable to the AMC and is evidenced by receipt of credit in the bank account of the Fund.

The following modes of payment are not valid and applications accompanied by such payments are liable to be rejected.

- Outstation cheques will not be accepted (i.e. if the cheque is payable at a bank's branch which does not participate in the local clearing mechanism of the city where the application is submitted)
- Cash, money orders or postal orders will not be accepted.
- Post dated cheques (except for applications for purchasing Units under Systematic Investment Plan) will not be accepted.

If the applicant is resident of a city, the banking clearing circle of which is different from that of any ISC, as designated by the AMC from time to time, the AMC shall bear the bank charges for the demand draft(s) borne by the applicant. The AMC shall not refund any demand draft charges.

However in case of applications pertaining to debt / fixed income schemes launched by the Fund from time to time including Plan A, Plan B and Plan C of Fidelity Wealth Builder Fund, the AMC shall not bear or refund any bank charges incurred by the applicant for the demand draft(s). Further, in case of applications pertaining to equity schemes, the AMC may at its own discretion, refuse to bear any such bank charges incurred by the applicant for the demand draft(s). **Applications accompanied by cheques / drafts not fulfilling the above criteria are liable to be rejected.**

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

Further in accordance with AMFI guidelines, with effect from November 15, 2010, the AMC will not accept Application Form accompanied by a payment instrument issued from a bank account other than that of the applicant / investor ("Third Party cheques") except in certain circumstances mentioned below:

- a) payments made by parents/grandparents/related persons on behalf of a minor (other than registered guardian) in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000 (for each lumpsum purchase or each instalment under the SIP);
- b) payments made by an employer on behalf of its employee for investments under a SIP or lumpsum/one time subscription by deduction from the payroll; and
- c) payments made by a Custodian on behalf of an Foreign Institutional Investor or its client.

Further please note that: (a) in case of bank accounts held jointly, the first applicant/unit holder is required to be one of the joint holders of the bank account from which the payment instrument has been issued; and (b) a pre-funded instrument issued by a bank against cash for an amount of Rs. 50,000 or more will not be accepted by the Fund.

In order to carry out necessary verification in respect of cases mentioned above, the AMC may seek various information / documents including;

- a) The KYC acknowledgement letter for the applicant / investor and the person who has made the payment.
- b) Declaration from the applicant / investor and the person who has made the payment.
- c) Documentation for verification of source of funds.

Further for identification of the source of the funds, the following process could be implemented by the AMC and the applicant / investor would need to submit documents as mentioned below:

- a) The AMC will identify third party cheques on the basis of either matching of pay-in bank account details with pay-out bank account details provided by the applicant / investor or by matching the bank account number / name / signature of the first applicant / investor with the name / account number / signature available on the cheque. In case the applicant / investor has registered multiple bank accounts with the AMC, pay-in from such registered single or multiple accounts can be treated as payments from the applicant's / investor's bank account.

- b) If the payment for investments is made through pre-funded instruments such as pay order, demand draft, banker's cheque etc. investors should attach a certificate (in original) from the issuing banker with the Application Form, stating the bank account holder's name and the bank account number which has been debited for issue of the instrument, to enable the AMC/Registrar to check that the funds for investments have been debited from a pre-registered pay in account or from the account of the first applicant / unit holder.
- c) If the payment for investments is made through a pre-funded instrument issued by the bank against cash for an amount of Rs. 50,000, the investor should submit a certificate (in original) obtained from the bank giving name, address and PAN (if available) of the person who has requested for the payment instrument. The AMC / Registrar may check that the name mentioned in the certificate matches with the first named applicant / unit holder.
- d) If the payment for investments is made by RTGS, NEFT, ECS, bank transfer, etc., applicant / investor should attach to the Application Form, an acknowledged copy of the instruction to the bank also stating the bank account number which has been debited with the investment amount. The account number mentioned on the transfer instruction copy should be a registered bank account number or the first named applicant / unit holder should be one of the account holders in the bank account debited for such electronic transfer of funds.

e)

If the payment for investments is made through net banking and debit cards, the AMC will endeavour to obtain the details of the bank account debited from the payment gateway service provider and match the same with the registered pay-in accounts. In case, the payment is not made from a registered bank account or is made from an account not belonging to the first named applicant / unit holder, the AMC/Registrar shall reject the application. Currently, where investor details are not made available by the payment gateway service provider, the AMCs shall obtain the name of the bank making the payment for the subscription.

Payment by NRIs, FIIs

(a) Repatriation Basis

In the case of NRIs / PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in a Non - Resident (External) Rupee Account (NRE) / Foreign Currency (Non-Resident) Account (FCNR).

FIIs may pay their subscriptions either by inward remittance through normal banking channels or out of funds held in a Non-Resident Rupee Account maintained with the designated branch of an authorised dealer in accordance with the relevant exchange management regulations.

(b) Non-repatriation Basis

In the case of NRIs, payment may be made either by inward remittance through normal banking channels or out of funds held in an NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO).

ASBA Facility

In accordance with SEBI circulars dated March 15, 2010 and July 28, 2010, the investors can additionally make payments through Applications Supported by Blocked Amount facility ("ASBA facility") for investments in a Scheme / Plan / Option. The ASBA facility will be available only during the NFO of a Scheme.

Under the ASBA facility, the investor gives an authorization to the bank concerned to block the amounts towards subscription of the Units in the mandated bank account till the allotment of Units.

On allotment, in respect of investors who have made applications through the ASBA facility, the amounts towards subscription of Units blocked in the respective bank accounts as mandated by the investors will be unblocked to the extent of Units allotted and the amounts so unblocked will be transferred to the bank account of a scheme.

The procedure to be followed for ASBA facility:

1. An investor intending to subscribe to the Units of a scheme during the NFO through ASBA, is required to submit a duly completed ASBA Application Form ("ASBA Form") to a Self Certified Syndicate Bank ("SCSB"), with whom the investor has a bank account.
2. The ASBA Form can be submitted through anyone of the following modes :
 - Physical mode : Under this mode the ASBA Form can be submitted to the Designated Branches ("DBs") of the SCSB ("Physical ASBA");
 - Electronic mode: Under this mode the ASBA Form can be submitted electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").
3. On submission of the ASBA form, an acknowledgement will be given by the SCSB Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for.

Note: If the bank account specified in the ASBA Form does not have sufficient amount mentioned towards the subscription of Units, the bank shall reject the ASBA Form.

4. On acceptance of ASBA Form, the SCSB shall block funds available in the bank account specified to the extent of amount towards subscription of units.
5. The amounts as specified above shall be blocked in the specified bank account until; (i) Allotment of Units or (ii) Rejection of the ASBA Form, as the case may be.
6. The amounts so blocked shall be unblocked by the SCSBs; (i) on allotment of units and the SCSB shall transfer the amount to the bank account of the scheme, or (ii) in case the ASBA form is rejected.
7. The list of SCSBs and the DBs where ASBA Form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in).

Note: The investors will not be allowed to withdraw the ASBA Form submitted during the NFO, post closure of NFO period.

C. Application under POA

An applicant wanting to transact through a POA must lodge the photocopy of the Notarised POA attested by a Gazetted Officer / Bank Manager or the original POA (which will be returned after verification) within 30 days of submitting the Application Form / Transaction Slip at a Designated Collection Centre. Applications are liable to be rejected if the POA is not submitted within the aforesaid period

D. Application by a non – individual investor

In case of an application by a company, body corporate, society, mutual fund, trust or any other organisation not being an individual, a duly certified copy of the relevant resolution or document along with the updated specimen signature list of authorised signatories must be lodged within 7 Business Days along with the Application Form / Transaction Slip at a Designated Collection Centre. Further, the AMC may require that a copy of the incorporation deeds / constitutive documents (e.g. Memorandum and Articles of Association) be also submitted to the Registrar. Requests for redemption may not be processed if the necessary documents are not submitted within the aforesaid period.

E. Mode of Holding

An application can be made by up to a maximum of three applicants. Applicants must specify the 'mode of holding' in the Application Form.

If an application is made by one Unit Holder only, then the mode of holding will be considered as 'First Applicant'.

If an application is made by more than one investors, they have an option to specify the mode of holding as either 'First Applicant' or 'Jointly' or 'Anyone or Survivor'.

In either of the cases referred above i.e. application made by one investor / more than one investors, the Fund shall not entertain requests for including any other person as a joint holder once the application has been accepted.

If the mode of holding is specified as 'Jointly', all instructions to the Fund would have to be signed by all the Unit Holders, jointly. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign.

If an application is made by more than one investor and the mode of holding is not specified, the mode of holding would be treated as joint. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

In all cases, all communication to Unit Holders (including account statements, statutory notices and communication, etc.) will be addressed to the first applicant . All payments, whether for redemptions, dividends, etc will be made favouring the first applicant. The first applicant shall have the right to exercise the voting rights associated with such Units as per the applicable guidelines.

Investors should carefully study the paragraphs on "Transmission of Units" and "Nomination Facility" under the paragraph "Facilities Offered to Investors under the Schemes" before ticking the relevant box pertaining to the mode of holding in the Application Form.

III. RIGHTS OF THE UNITHOLDERS OF A SCHEME

1. Unit holders of a Scheme have a proportionate right in the beneficial ownership of the assets of that Scheme.
2. When the Mutual Fund declares a dividend under a Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 10 business days from the date of acceptance of the redemption request. Provided if a Unit Holder so desires the Mutual Fund shall issue a unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.

In case of Unit Holders holding units in the dematerialised mode, the Fund will not send the account statement / unit certificate to the Unit Holders. The statement provided by the Depository Participant will be equivalent to the account statement.

3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of accepting the Redemption request.
4. The Trustee is bound to make such disclosures to the Unit Holders as are essential in order to keep the Unit Holders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the directors of the Trustee Board or by 75% of the Unit Holders of the respective Scheme.
6. 75% of the Unit Holders of a Scheme can pass a resolution to wind- up that Scheme.
7. The Trustee shall obtain the consent of the Unit Holders:
 - (i) whenever required to do so by SEBI, in the interest of the Unit Holders.
 - (ii) whenever required to do so if a requisition is made by three-fourths of the Unit Holders of that Scheme.
 - (iii) when the Trustee decides to wind up the Scheme or prematurely redeem the Units.

8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or in the trust or fees and expenses payable or any other change which would modify the Scheme and affect the interest of Unit Holders, shall be carried out unless:
 - (i) a written communication about the proposed change is sent to each Unit Hold
 - (ii) 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
 - (iii) the Unit Holders of that Scheme are given an option to exit at the prevailing NAV without any Exit Load.
9. In specific circumstances, where the approval of Unit Holders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

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

The Fund shall value its investments according to the valuation norms, as specified at Schedule VIII of the SEBI Regulations or such norms as may be prescribed by SEBI from time to time.

The broad valuation norms are detailed below:

1. Traded Securities

- i. Traded securities are valued at the last quoted closing price on the NSE. If a particular security is not listed on the NSE, it is valued at the last quoted closing price on the stock exchange where it is principally traded ("another stock exchange").
- ii. When on a particular Valuation Day, a security listed on the NSE has not been traded on the NSE, the value at which it has been traded on another stock exchange is used.

When an equity security is not traded on any stock exchange on a particular Valuation Day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the Valuation Day.

When a debt security (other than government securities) is not traded on any stock exchange on any particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than fifteen days prior to valuation date.

When a debt security (other than government securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase.

2. Thinly Traded Securities / Non-Traded Securities / Unlisted Equity Securities

- i. **Thinly Traded Equity / Equity related securities**

When trading in an equity / equity related security (such as convertible debentures, equity warrants, etc.) in a month is less than Rs. 5 lakh and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued accordingly.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes / provides the required information along with the daily quotations, the same can be used by the Fund.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the Fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended upto thirty days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the AMC / Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

ii. Non-Traded Equity Securities

When a security (other than debt and government securities) is not traded on any stock exchange for a period of 30 days prior to the Valuation Day, the scrip is treated as non-traded scrip.

Non-traded / thinly traded equity securities shall be valued "in good faith" by the AMC on the basis of the valuation principles laid down below:

Based on the latest available balance sheet, net worth shall be calculated as follows :

- a. Networth per share = [share capital+ reserves (excluding revaluation reserves) - miscellaneous expenditure and debit balance in P&L account] divided by number of paid up shares.
- b. Average capitalisation rate (P / E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the industry average P / E shall be taken as capitalisation rate (P / E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
- c. The value as per the networth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.
- d. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- e. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- f. In case an individual security accounts for more than 5% of the total assets of the Scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the Scheme, it should be valued by the procedure above and the proportion which it belongs would be compared on the date of valuation.

iii. Unlisted Equity Shares

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:

(a) Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:

- i. Networth per share = [share capital plus free reserves (excluding revaluation reserves) minus miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by number of paid up shares.
- ii. After taking into account the outstanding warrants and options, networth per share shall again be calculated and shall be = [share capital plus consideration on exercise of option / warrants received / receivable by the company plus free reserves(excluding revaluation reserves) minus miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by [number of paid-up shares plus number of shares that would be obtained on conversion / exercise of outstanding warrants and options].

The lower of (i) and (ii) above shall be used for calculation of networth per share and for further calculation in (c) below.

(b) Average capitalisation rate (P / E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P / E

shall be taken as capitalisation rate (P / E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

- (c) The value as per the networth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.

The above methodology for valuation shall be subject to the following conditions:

- i. All calculations as aforesaid shall be based on audited accounts.
- ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- iii. If the net worth of the company is negative, the share would be marked down to zero.
- iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- v. In case an individual security accounts for more than 5% of the total assets of the Scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the Scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.

At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

3. Thinly Traded / Non-Traded debt securities

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs. 5 crore) on the principal stock exchange or any other stock exchange.

Non-traded / Thinly Traded debt securities would be valued as per the norms set out below:

I. Valuation of money market and debt securities with residual maturity of upto 91 days:

All money market and debt securities, including floating rate securities, with residual maturity of upto 91 days are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis. It is further clarified that in case of floating rate securities with floor and caps on coupon rate and residual maturity of upto 91 days then those are valued on amortization basis taking the coupon rate as floor.

II. Valuation of money market and debt securities with residual maturity of over 91 days:

All money market and debt securities, including floating rate securities, with residual maturity of over 91 days are valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from agencies entrusted for the said purpose by AMFI.

In case of Treasury Bills, the price taken will be the average of the prices provided by CRISIL and ICRA., agencies entrusted for the said purpose by AMFI.

The yields for pricing the non-traded debt security would be arrived at using the process as defined below.

Step A

A risk free benchmark yield is built using Government securities as the base. Government securities are used as the benchmarks as they are traded regularly; free of credit risk; and traded across different maturity spectrums every week.

Step B

A matrix of spreads (based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

Step C

The yields as calculated above are marked up / marked down for ill-liquidity risk.

Step D

The yields so arrived are used to price the portfolio.

As per the recommendation of AMFI, the average price provided by CRISIL and ICRA bond valuation matrix is used to arrive at yields for pricing the portfolio.

4. Valuation of securities with Put / Call Options:

The option embedded securities would be valued as follows:

i. Securities with Call option:

The securities with Call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to Call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

ii. Securities with Put option

The securities with Put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to Put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

iii. Securities with both Put and Call option on the same day

The securities with both Put and Call option on the same day would be deemed to mature on the Put / Call day and would be valued accordingly.

5. Government securities

All Government bonds are to be valued at the prices released by an agency suggested by AMFI. Currently, AMFI has suggested that mutual funds use the prices provided by CRISIL/ICRA on a daily basis for valuation of government securities.

6. The non-convertible and convertible components of convertible debentures and bonds shall be valued separately. The non-convertible component would be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in.

7. Where an instrument has been bought on a 'Repo' basis, the instrument would be valued at the resale price after deduction of applicable interest upto the date of resale. Where an instrument has been sold on a 'Repo' basis, adjustment would be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value of the instrument, the depreciation would be provided for, and if the repurchase price is lower than the value of the instrument, credit would be taken for the appreciation.

8. In respect of warrants to subscribe attached to instruments, the warrants would be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the

amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures shall be deducted to account for the period, which must elapse before the warrant can be exercised.

10. Until they are traded, the value of "rights" shares shall be calculated as:

$$Vr = n \div m \times (Pex - Pof)$$

Where Vr = Value of rights

n = no. of rights offered

m = no. of original shares held

Pex = Ex-rights price

Pof = Rights Offer Price

Where the rights are not treated pari passu with the existing shares, suitable adjustments shall be made to the value of the rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

11. Illiquid Securities

- i. Aggregate value of "illiquid securities" of the Scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of that Scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
- ii. All funds shall disclose as on March 31 and September 30 the Scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the Unit Holders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.
- iii. Mutual Funds shall not be allowed to transfer illiquid securities among their Schemes.

12. Valuation in respect of Non-Performing Assets (NPAs)

Valuation of NPAs (debt securities) will be done in accordance with "SEBI Guidelines for Identification and Provisioning for NPAs" issued vide circular dated September 18, 2000 (as modified), which will form part of valuation policy of a Scheme.

An asset shall be classified as "Non-Performing" if the interest and / or principal amount have not been received or remained outstanding for three months from the day such income / instalment has fallen due.

The Fund shall make scripwise disclosures of NPAs on a half yearly basis along with the half yearly portfolio disclosure.

The total amount of provisions made against the NPAs shall be disclosed in addition to the total quantum of NPAs and their proportion of the assets of a Scheme. In the list of investments, an asterisk mark shall be given against such investments which are recognised as NPAs. Where the date of redemption of an investment has lapsed, the amount not redeemed shall be shown as 'Sundry Debtors' and not investment, provided that where an investment is redeemable by instalments that will be shown as an investment until all instalments have become overdue.

13. Valuation of securities not covered under the current valuation policy:

In case of securities purchased by mutual funds do not fall within the current framework of the valuation of securities then such mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMCs shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.

AMFI has been advised that the valuation agencies should ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from mutual fund.

In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the mutual funds shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.

14. Accounting and Valuation Policies with respect to Derivative Products:

i. Equity Option Derivatives

Premium paid / received on bought / written option contracts shall be debited / credited to "equity option premium account" and recorded as an asset / liability.

When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions shall be recognised in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium shall be recognised in the revenue account. If more than one option contracts in respect of the same stock / index with the same strike price and expiry date to which the squared off / exercised contract pertains is outstanding at the time of square off / exercise of the contract, the weighted average method shall be followed for determining the gain or loss.

Premium asset / liability in respect of options not exercised / squared off as on expiry date shall be transferred to revenue account.

As at the balance sheet date / date of determination, all open option positions shall be valued at the last quoted price at the exchange where it is traded. Non-traded equity option contracts shall be valued at fair value as per procedures determined by the AMC and approved by the Trustee. The unrealised appreciation / depreciation on all open positions shall be considered for determining the NAV.

ii. Equity Futures Derivatives

Futures contracts are marked to market daily at the futures settlement price as determined by the exchange and correspondingly, variation margin calculated as the difference between the trade price or the previous day's settlement price, as the case may be, and the current day's settlement price shall be recorded as a receivable or payable.

When a contract is squared off / settled on expiry, the difference between the square-off price / the final settlement price and the contract price shall be recognized in the revenue account. If more than one futures contracts in respect of the same stock and expiry date, to which the squared off / settled contract pertains, is outstanding at the time of square off / settlement of the contract, the weighted average method shall be followed for determining the gain or loss.

As at the balance sheet date / date of determination, all open futures positions shall be valued at the last quoted price at the exchange where it is traded. Non-traded equity futures contracts shall be valued at fair value as per procedures determined by the AMC and approved by the Trustee. The unrealised appreciation / depreciation on all open positions shall be considered for determining the NAV.

iii. The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations, as amended from time to time.

iv. The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations as amended from time to time.

15. Valuation Norms for Foreign Securities

Foreign Securities – Equity

On the Valuation Day, the securities issued outside India and listed on the stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed or at the last available traded price. However in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security. In such cases, the AMC shall record the justification for selecting a particular stock exchange whose price is used for valuation. Further in case of extreme volatility in the international markets, the securities listed in those markets may be valued on a fair value basis.

Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAVs for a Valuation Day, the AMC may use the last available traded price for the purpose of valuation. The use of the closing price / last available traded price for the purpose of valuation will also be based on the practice followed in a particular market.

In case any particular security is not traded on the Valuation Day, the same shall be valued on a fair value basis by the valuation committee of the AMC.

Foreign Securities - Debt

In case of investments in foreign debt securities, on the Valuation Day, the securities shall be valued in line with the valuation norms specified by SEBI for Indian debt securities. However, in case valuation of a specific debt security is not covered by SEBI Regulations, then the security will be valued on a fair value basis by the valuation committee of the AMC.

16. Conversion of assets and liabilities held in foreign currency

On the Valuation Day, all assets and liabilities denominated in foreign currency will be valued in Indian Rupees at the exchange rate available on Bloomberg at the close of banking hours in India. However, in case the exchange rate is not available on Bloomberg on a particular Valuation Day, the exchange rate available on Reuters / RBI will be used for conversion. The Trustees reserve the right to change the source for determining the exchange rate.

The exchange gain / loss resulting from the aforesaid conversion shall be recognized as unrealized exchange gain / loss in the books of the Scheme on the day of valuation.

Further, the exchange gain / loss resulting from the settlement of assets / liabilities denominated in foreign currency shall be recognized as realized exchange gain / loss in the books of the Scheme on the settlement of such assets / liabilities.

V. TAX AND LEGAL AND GENERAL INFORMATION

A. Taxation on investing in Mutual Funds

The information furnished below outlines briefly the tax implications with respect to the unit holders of the Scheme and with respect to the Fund and is based on relevant provisions of the Income-tax Act, 1961, and the Wealth-tax Act, 1957, (collectively called hereinafter as 'the relevant provisions') as at 7 June 2011. For this purpose, the provisions of the Finance Act, 2011, as assented by the President of India have been considered.

The implications stated herein have been reviewed and certified by the Auditors of the Scheme and are found in agreement with the relevant provisions vide their letter dated 16 June 2011. However, the Fund does not make any representations on the procedures for ascertaining the tax benefits nor do they make any representation regarding any legal interpretations. Since the information below is based on the relevant provisions as on 7 June 2011, any subsequent changes in the said provisions could affect the tax benefits.

Except for the above procedure, the auditors have not performed any other services in connection with any other data or information included in this Offer document.

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY AND APPLIES TO THE SCHEME. IN VIEW OF THE INDIVIDUAL NATURE OF TAX BENEFITS, EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX

CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEMES.

A) FOR UNIT HOLDERS

1. Income from units

Under the provisions of section 10(35) of the Income-tax Act, 1961 ('the Act'), income received in respect of the units of a mutual fund (other than income on redemption/transfer of units) specified under section 10(23D) of the Act should be exempt from income-tax in the hands of all unit holders.

2. Characterisation of Income

The characterisation of gains/losses arising from sale/transfer of units as capital gains or business income will depend on whether the units are treated as capital assets or stock-in-trade.

While such a determination is a question of fact, the Central Board of Direct Taxes ('CBDT') has issued a circular No. 4 of 2007 dated 15 June 2007, which reiterates the principles laid down in certain judicial precedents for characterisation of income. It also advises the Assessing Officers to consider the total effect of all the principles outlined in the earlier judicial decisions in determining whether the shares are held as capital assets giving rise to capital gains or as stock-in-trade giving rise to business profits.

3. Capital Gains

As per the provisions of section 2(29A) read with section 2(42A) of the Act, units of a mutual fund should be treated as long-term capital assets if they are held for a period of more than 12 months preceding the date of transfer. Units held for not more than 12 months preceding the date of transfer should be treated as short-term capital assets.

3.1. Long-term capital gains

As per section 112 of the Act, income arising on transfer of units being long-term capital assets by resident and non-resident investors [other than Foreign Institutional Investors ('FIIs')], should be chargeable to tax at the rate of 20%. However, if the tax payable at the rate of 20% with indexation exceeds 10% of the amount of capital gains computed without indexation, then such excess of tax should be ignored. In case of FIIs, such income is chargeable to tax at the rate of 10% under section 115AD of the Act.

However, long-term capital gains arising from the sale of units of an equity oriented fund should be exempt from tax under section 10(38) of the Act, where such sale attracts Securities Transaction Tax ('STT'). However, at the time of sale (redemption) of units to the Mutual Fund, the unit holder will have to pay STT at the rate of 0.25% on value of sale of the units, which will be collected by the Mutual Fund and deposited into the Government Treasury.

(For this purpose, an 'equity oriented fund' means a fund where the investible funds are invested in equity shares of domestic companies to the extent of more than 65% of the total proceeds of such fund).

Such exempt income should be taken into account while computing the book profits of a Company for the purpose of Minimum Alternate Tax payable under section 115JB of the Act.

In case of an individual or a Hindu Undivided Family ('HUF'), being a resident, where the total income as reduced by the long-term capital gains is below the maximum amount not chargeable to tax (i.e. up to Rs. 5,00,000 for all resident individuals who are of the age of eighty years or more, up to Rs. 2,50,000 for all resident individuals who are of the age of sixty years or more but less than 80 years, up to Rs.1,90,000 in case of women resident in India and below the age of sixty years, and up to Rs.1.80,000 in case of other individuals and HUF), the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains will be subject to the flat rate of taxation.

In addition to the aforesaid tax, surcharge at the following rates is also payable:

- In case of foreign companies, at the rate of 2% where the income exceeds Rs.1,00,00,000;
- In case of domestic company, at the rate of 5% where the income exceeds Rs.1,00,00,000

An education cess of 3% (inclusive of 1% additional cess for Secondary and Higher education) on total income-tax including surcharge, if any, is payable by all categories of taxpayers.

3.2. Short-term capital gains

Short-term capital gains arising to a unit holder should be taxed at the normal rates applicable to that unit holder as per the provisions of the Act.

Under section 111A of the Act, short-term capital gains arising from the sale/redemption of a unit of an equity oriented fund, where such sale/redemption attracts STT, should be taxable at the rate of 15%. However, at the time of sale (redemption) of units to the Mutual Fund, the unit holder will have to pay STT of 0.25% on the value of the sale of the units, which will be collected by the Mutual Fund and deposited into the Government Treasury.

In case of an individual or HUF, being a resident, where the total income as reduced by the short-term capital gains chargeable to tax under section 111A of the Act, is below the maximum amount not chargeable to tax (i.e. up to Rs. 5,00,000 for all resident individuals who are of the age of eighty years or more, up to Rs. 2,50,000 for all resident individuals who are of the age of sixty years or more but less than 80 years, up to Rs.1,90,000 in case of women resident in India and below the age of sixty years, and up to Rs.1,80,000 in case of other individuals and HUF), such short-term capital gains shall be reduced to the extent of the shortfall and only the balance short-term capital gains will be subject to the flat rate of taxation.

The short-term capital gains other than those covered under section 111A, should be taxable at the rate of 30% in case of domestic companies, at the rate of 40% in case of foreign companies (other than FIIIs), and at the rate of 30% under section 115AD of the Act in the case of FIIIs.

In addition to the aforesaid tax, surcharge and education cess is also payable as mentioned in para 3.1 above.

4. Units held as stock-in-trade and deduction for STT

Where the units are treated as stock-in-trade and the profits arising from the sale of units are taxed under the head 'Profits and gains of business or profession', the amount equal to the STT paid by the unit holder in respect of such transactions can be claimed as a deductible expense.

5. Deduction under section 54EC of the Act

The long-term capital gains on transfer of units should be exempt from tax under section 54EC of the Act, subject to fulfillment of certain conditions specified in the section. This section requires investment of the capital gains in specified bonds. However, if the amount invested is less than the capital gains realised, only the proportionate capital gains would be exempt from tax.

6. Deduction under section 80C of the Act

In terms of the provisions of section 80C of the Act, an Individual or a HUF is entitled to claim a deduction for investments made in specified securities etc., up to a maximum amount of Rs. 1,00,000. Subscription to any units of any mutual fund notified under section 10(23D) of the Act under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, qualify for deduction under section 80C of the Act.

The Central Government has notified the Equity Linked Savings Scheme, 2005 ('ELSS, 2005') in this regard vide Notification No. 226 dated 3 November 2005, as amended by Notification No. 259 dated 13 December 2005.

The investors should be entitled to the benefit under section 80C of the Act for investments made under such schemes of the Fund, which are in accordance with ELSS, 2005 ('Fidelity Tax Advantage Fund'), subject to the aggregate limit of Rs. 100,000 provided under section 80C of the Act.

In case of Fidelity Tax Advantage Fund, the unit holder will not be permitted to transfer or switch to another scheme/option before completion of three years from the date of allotment of units (one year in the event of death of an investor).

7. Set off and carry forward of losses

The capital loss resulting from sale of units should be available for set off against other capital gains made by the investor and will reduce the tax liability of the investor to that extent.

However, losses on transfer of long-term capital assets will be allowed to be set-off only against the gains from transfer of long-term capital assets.

The long-term capital gains or losses arising on transfer of long-term capital assets which attracts STT should not be considered for the provisions relating to set off.

The unabsorbed capital losses can be carried forward for a period of eight assessment years (immediately succeeding the assessment year for which the loss was first computed) to be set off against the capital gains in the subsequent years.

8. Dividend Stripping

Where a person buys any units within a period of three months before the record date, sells such units within nine months after such date and the dividend/income on such units is exempt from tax, the loss on such sale to the extent of the dividend/income received or receivable on such units should be ignored while computing the income chargeable to tax.

9. Bonus Stripping

Where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells the original units within a period of nine months after the record date and continues to hold the bonus units, then the loss incurred on the original units should be ignored while computing the income chargeable to tax; but such loss will be deemed to be the cost of acquisition of the bonus units.

10. Switching from one scheme to another

As stated in the respective Scheme Information Documents switching from one Scheme/option to another Scheme/option will be effected by way of redemption of units of the relevant Scheme/option and reinvestment of the redemption proceeds in the other Scheme/option selected by the unit holder. Hence, switching should attract the same implications as applicable to transfer of such units.

11. Securities Transaction Tax

STT should be chargeable as specified in paragraph B.3 below on purchase and sale of units of an equity oriented scheme by the unit holders.

12. Deduction of tax at source

No tax should be deducted from the income distributed by a mutual fund to a unit holder. However, dividend distribution tax, as applicable should be payable by the mutual fund. In case of sale (redemption) of units by the Mutual Fund, the following provisions will apply.

12.1. Resident Investors

As per Circular no. 715 dated 8 August 1995 issued by the CBDT, in case of resident unit holders, no tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units.

12.2. Foreign Institutional Investors

Under section 196D of the Act, no tax is required to be deducted at source on income by way of capital gains earned by a FII.

12.3. Non-resident Investors other than FII's

Under Section 195 of the Act, the Mutual Fund is required to deduct tax at source at the rate of 20% on any long-term capital gains arising to non-resident investors from units other than the long-term capital gains from equity oriented schemes which are exempt from tax under section 10(38) of the Act.

In respect of short-term capital gains other than the short-term capital gains chargeable to tax under section 111A of the Act, tax is required to be deducted at source at the rate of 30% if the payee unit holder is a non-corporate and at the rate of 40% if the payee unit holder is a foreign company.

In case of short-term capital gains chargeable to tax under section 111A of the Act, tax is required to be deducted at the rate of 15% for both corporate and non-corporate unit holders.

In case where the unit holder does not provide the Permanent Account Number, as per the provisions of section 206AA of the Act, tax should be deducted at source at the specified rate or 20%, whichever is higher.

As per section 94A of the Act, if a unit holder is located in a jurisdictional area as notified by the Central Government, then the tax should be deducted on any payment made to such unit holder, which is chargeable under the Act, at the specified rate or 30%, whichever is higher. The Central Government has not yet notified any such jurisdictional area.

Further, the aforesaid tax to be deducted is required to be increased by surcharge and education cess, as applicable.

As per circular no. 728 dated 30 October, 1995, issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee.

13. Religious and Charitable Trusts

Investment in units of the Fund by Religious and Charitable Trusts is an eligible investment under section 11(5) of the Act, read with Rule 17C of the Income-tax Rules, 1962.

14. Double Tax Avoidance Agreement

The tax rates given hereinabove are subject to any relief that an investor may be entitled to claim under the relevant DTAA.

15. Wealth-tax Act, 1957

Units held under the Scheme of the Fund are not treated as assets as defined under section 2(ea) of the Wealth-tax Act, 1957 and therefore, should not be liable to wealth-tax.

B) FOR THE FUND

1. Income of the Mutual Fund

Fidelity Mutual Fund is a mutual fund registered with the Securities and Exchange Board of India and its entire income is exempt from tax under section 10(23D) of the Act.

Funds investing in offshore securities may be impacted by the rates of taxation on capital gains, interest, dividends and other corporate actions on investments, in different countries, in line with the prevailing tax laws in those countries of investment, as also in line with the respective tax treaties in existence with India.

2. Tax on distributed income to unit holders (commonly known to as dividend distribution tax)

Under section 115R(2) of the Act, a mutual fund shall be liable to pay dividend distribution tax (including applicable surcharge and education cess) at the following rates

- Income distributed to an individual or HUF
 - (a) by a money market mutual fund or a liquid fund - 27.04%
 - (b) by a fund other than a money market fund or a liquid fund – 13.52%
- Income distributed to any other person by any fund – 32.45%

(For this purpose, 'Money Market Mutual Fund' is defined to mean a money market mutual fund as defined in the sub-clause (p) of clause 2 of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 and 'Liquid fund' has been defined to mean a scheme or plan of a mutual fund which is classified by the Securities Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made there under).

Income distributed by an equity oriented fund is not liable for any dividend distribution tax.

3. Securities Transaction Tax

As specified in Chapter VII of the Finance (No. 2) Act, 2004, as and when the mutual fund purchases and sells equity shares/units or invests into derivative instruments, it will be required to pay the applicable STT on such purchases and sales to the concerned recognised stock exchange at the following rates:

Transaction	Rate of STT	Payable by
Purchase of an equity share in a company/unit of an equity oriented fund where the transaction is entered into in a recognised stock exchange and the contract is settled by actual delivery or transfer of shares/units.	0.125%	Purchaser
Sale of an equity share in a company/unit of an equity oriented fund where the transaction is entered into in a recognised stock exchange and the contract is settled by actual delivery or transfer of shares/units.	0.125%	Seller
Sale of an equity share in a company/unit of an equity oriented fund where the transaction is entered into in a recognised stock exchange and the contract is settled otherwise than by actual delivery or transfer of shares/units.	0.025%	Seller
Sale of an option in securities.	0.017%	Seller

Sale of an option in securities where option is exercised.	0.125%	Purchaser
Sale of futures in securities.	0.017%	Seller
Sale of a unit of an equity oriented fund to the mutual fund.	0.25%	Seller

Further, in case of equity oriented funds, the Fund will be liable to collect STT from every person who sells such units to the Fund at the rate of 0.25% and pay the same to the credit of the Central Government within the specified time limits.

B. Legal Information

i. Lien on Units for Loans

In case of Fidelity Tax Advantage Fund, as per the Equity Linked Savings Scheme, 2005 as notified by Ministry of Finance (Department of Economic Affairs) vide notification dated November 03, 2005 and amended vide notification dated December 13, 2005 ("ELSS"), the Units issued under the Scheme can be transferred, assigned or pledged only after a period of three years of its issue.

In conformity with the guidelines and notifications issued by SEBI / Government of India / any other regulatory body from time to time, Units under the Schemes may be offered as security by way of a lien / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body. The Registrar will note and record the lien against such Units. A standard form for this purpose is available on request with the Registrar.

The Unit Holder will not be able to redeem / switch Units under lien until the lien holder provides written authorisation to the Fund that the lien / charge may be vacated. As long as Units are under lien, the lien holder will have complete authority to exercise the lien, thereby redeeming such Units and receiving payment proceeds. In such instance, the Unit Holder will be informed by the Registrar through an account statement. In no case will the Units be transferred from the Unit Holder to the lien holder. Dividends declared on Units under Lien will be paid / re-invested to the credit of the Unit Holder and not the Lien Holder.

ii. Nomination Facility

A Unit Holder has the facility to nominate one or more person(s) to receive the Units upon his / her death, subject to the completion of certain necessary formalities e.g. providing proof of the death of the Unit Holder, signature of the nominee, furnishing proof of guardianship if the nominee is a minor, and the execution of an indemnity bond or such other documents as may be required from the nominee in favour of and to the satisfaction of the AMC / Registrar.

The maximum number of nominees shall be limited to 3 (three). The Unit Holder shall be mandatorily required to indicate clearly the percentage of allocation of Units in favour of each of the nominees against their name. In the event the Unit Holder does not indicate the percentage of allocation of Units for each of the nominees, transfer of Units in favour of the nominees / payment to the nominees shall be made in equal proportion by the AMC.

Nomination can be made only by individuals on their own behalf, either singly or jointly. If the Units are held jointly, all joint Unit Holders must sign the nomination form.

Only the following categories of Indian residents can be nominated: (a) individuals; (b) minors through parent / legal guardian (whose name and address must be provided); (c) religious or charitable trusts; and (d) Central Government, State Government, a local authority or any person designated by virtue of his office.

In case of an Application Form submitted at the ISC along with the nomination form, where the nominee falls under the category of "Who cannot invest" as mentioned in the SID of the Schemes, the AMC shall reject the nomination form while the valid Application Form will be accepted and processed.

A nomination in respect of Units will be treated as rescinded upon the Redemption of the Units. Cancellation of a nomination can be made only by the Unit Holders who made the original nomination and must be notified in writing. On receipt of a valid cancellation, the nomination shall be treated as rescinded and the AMC / Fund shall not be under any obligation to transfer the Units in favour of the nominee.

At the time of transfer of Units to the nominee, if based on the documents submitted for such transfer, the nominee(s) fall under the category of "Who cannot invest" as specifically mentioned in the SID of the Schemes, the Units proposed to be transferred shall be compulsorily redeemed immediately after transfer and the redemption proceeds will be paid to the nominee(s) in the manner stated in the paragraph "Payment of proceeds".

The transfer of Units / payment to the nominee of the redemption proceeds shall be valid and effectual against any demand made upon the Fund / AMC / Trustee and shall discharge the Fund / AMC / Trustee of all liability towards the estate of the deceased Unit Holder and his / her legal personal representative or other successors.

The Fund, the AMC and the Trustee are entitled to be indemnified from the deceased Unit Holder's estate against any liabilities whatsoever that any of them may suffer or incur in connection with a nomination.

In case of FTAF, as per ELSS, in the event of the death of the assessee as defined under ELSS ("assessee"), the nominee or legal heir as the case may be, shall be able to withdraw the investment only after the completion of 1 year from the date of allotment of the units to the assessee. The restriction of 1 year shall not apply to units allotted to investors other than assessees.

iii. KYC Requirements

Fidelity is committed to complying with all applicable anti money laundering and KYC laws and regulations in all of its operations. Fidelity recognises the value and importance of creating a business environment that strongly discourages money launderers from using Fidelity. To that end, certain policies have been adopted by the AMC. The need to KYC is vital for the prevention of money laundering.

In terms of PMLA, the rules issued thereunder and the guidelines / circulars issued by SEBI regarding the Anti Money Laundering (AML) Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification programme, and to verify and maintain the record of identity and address(es) of investors.

The AMC has entrusted the responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue a KYC compliance letter to each investor who submits an application and the prescribed documents to the Central Agency.

KYC formalities under the PMLA and the related guidelines issued by SEBI must be completed by all investors intending to invest in units of mutual funds. Please refer to the paragraph titled "How to Apply" for the process to complete KYC formalities.

iv. Listing and transfer of units

All the Schemes of the Fund being open ended, the Units of the Schemes are not proposed to be listed on any stock exchange and no transfer facility is provided. However, the Fund may at its sole discretion list the Units on one or more stock exchanges at a later date.

The Fund will offer and redeem the Units at Applicable NAV. If a person becomes a Unit Holder in a Scheme consequent to operation of law, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death or insolvency, the transferee's name will be recorded by the Fund subject to production of satisfactory evidence and if the transferee is

otherwise eligible to hold the Units. In all such cases, if the transferee is not eligible to hold the Units, the Units will be redeemed and the proceeds will be disbursed to the transferee if such transferee is entitled to the same.

However the Units held in dematerialised mode are freely transferable.

v. Transmission of Units

If Units are held in a single name by the Unit Holder, Units shall be transmitted in favour of the nominee where the Unit Holder has appointed a nominee upon production of death certificate or any other documents to the satisfaction of the AMC / Registrar. If the Unit Holder has not appointed a nominee or in the case where the nominee dies before the Unit Holder, the Units shall be transmitted in favour of or as otherwise directed by the Unit Holder's personal representative(s) on production of the death certificate and / or any other documents to the satisfaction of the AMC / Registrar. If Units are held by more than one registered Unit Holder, then, upon death of one of the Unit Holders, the Units shall be transmitted in favour of the remaining Unit Holder(s) (in the order in which the names appear in the register of Unit Holders with the Registrar) on production of a death certificate and / or any other documents to the satisfaction of the AMC / Registrar and to the nominee only upon death of all the Unit Holders.

At the time of transmission of Units, if based on the documents submitted for transmission, the Unit Holder's personal representative(s) fall under the category of "Who cannot invest" as specifically mentioned in the SID of the Schemes, the Units proposed to be transmitted shall be compulsorily redeemed immediately after transmission and the redemption proceeds will be paid to the Unit Holder's personal representatives in the manner stated in the paragraph "Payment of proceeds".

In case of FTAF, as per ELSS, in the event of the death of the 'assessee', the nominee or legal heir as the case may be shall be able to withdraw the investment only after the completion of 1 year from the date of allotment of the units to the 'assessee'. The restriction of 1 year shall not apply to units allotted to investors other than 'assessees'.

vi. Investor's personal information

The AMC may share investors' personal information with the following third parties:

- Registrar, Banks and / or authorised external third parties who are involved in transaction processing, despatches, etc. of investors' investment in any Scheme;
- Distributors through whom applications of investors are received for the Schemes; or
- Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering requirements.

Account statements or financial information pertaining to the investor, if it is to be sent over the internet to the Unit Holder, distributors or any other entity as indicated above, will be sent only through a secure means and / or through encrypted electronic mail.

vii. Folio Number

Unless otherwise requested by the Unit Holder, a single folio number may be assigned if an investor invests in different Schemes of the Fund and a consolidated account statement will then be provided for investments in all the Schemes.

viii. Fractional Units

Since a request for Purchase or Redemption is generally made in rupee amounts and not in terms of a fixed number of Units of a Scheme, an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places in case of Equity Schemes and four decimal places in case of Debt Schemes. However, fractional Units will in no way affect the investor's ability to redeem the Units standing to the Unit Holder's credit, either in part or in full.

ix. Consolidation of folios

In case an investor holds investments in multiple folios under the Fund, the AMC has the right to consolidate all the folios belonging to the same investor into one folio.

x. Provisions applicable to redemption of Units

This section must be read in conjunction with Section IV of the SID of the Schemes of the Mutual Fund.

a) How to Redeem

A Transaction Slip can be used by the Unit Holder to request for a Redemption. The requisite details should be entered in the Transaction Slip and submitted at an ISC. Transaction Slips can be obtained from any of the ISCs.

b) Payment of Proceeds

1. Resident Investors

Redemption proceeds will be paid by cheques, marked "Account Payee only" and drawn in the name of the sole holder / first applicant (as determined by the records of the Registrar).

The Mutual Fund will endeavour to despatch the redemption proceeds within 3 Business Days from the acceptance of the Redemption request except for FGRAF wherein the redemption proceeds will be dispatched within 7 business days, but not beyond 10 Business Days from the date of Redemption. If the payment is not made within the period stipulated in the SEBI Regulations, the Unit Holder shall be paid interest @15% p.a. for the delayed period and the interest shall be borne by the AMC.

The bank name and bank account number, as specified in the Registrar's records, will be mentioned in the cheque. The cheque will be payable at par at all the cities having ISCs. 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. The proceeds may be paid by way of direct credit / NEFT / RTGS / any other manner through which the investor's bank account specified in the Registrar's records is credited with the Redemption proceeds.

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

The redemption proceeds will be sent by courier or (if the addressee city is not serviced by the courier) by registered post. The despatch 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 despatch has been made correctly as stated in this paragraph.

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 be remitted to the Unit Holder in foreign currency (any exchange rate fluctuation will be borne by the Unit Holder). 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 FII's, the designated branch of the authorised 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 FII 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 / FII's.

The Fund may make other arrangements for effecting payment of redemption proceeds in future.

c) Effect of Redemptions

The number of Units held by the Unit Holder in his / her / its folio will stand reduced by the number of Units Redeemed.

Units once redeemed will be extinguished and will not be re-issued.

xi. 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 call money market or money market instruments only. 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.

xii. Suspension of the Purchase and Redemption of Units

Subject to the approval of the Boards of the AMC and of the Trustee, and subject also to necessary communication of the same to SEBI, the determination of the NAV of the Units of a Scheme, and consequently of the Purchase, Redemption and switching of Units, may be temporarily suspended in any of the conditions described below.

- a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests of the Unit Holders.
- c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, so that the value of the securities of the Scheme cannot be accurately or reliably arrived at.
- d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the Scheme.
- e) In case of natural calamities, war, strikes, riots, and bandhs.

- f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar.
- g) If so directed by SEBI.

In any of the above eventualities, the time limits for processing requests for subscription and Redemption of Units will not be applicable. All types of subscription and Redemption of Units will be processed on the basis of the immediately next Applicable NAV after the resumption of dealings in the Units.

xiii. Right to limit Redemptions

The Trustee may, in the general interest of the Unit Holders of the Scheme and when considered appropriate to do so based on unforeseen circumstances / unusual market conditions, limit the total number of units which may be redeemed on any Business Day to 5% of the total number of Units then in issue, under the Scheme and option(s) thereof, or such other percentage as the Trustee may determine. Any Units which consequently are not redeemed on a particular Business Day, will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing Load) of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, redemptions will be made on a pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day. In addition, the Trustee reserves the right, in its sole discretion, to limit redemptions with respect to any single account to an amount of Rs. 1 Lakh in a single day.

xiv. Voting rights of the Unit Holders

Subject to the provisions of the SEBI Regulations as amended from time to time, the consent of Unit Holders shall be obtained, entirely at the option of the Trustee, either at a meeting of the Unit Holders or through postal ballot. Only one Unit Holder in respect of each folio or account representing a holding shall vote and he shall have one vote in respect of each resolution to be passed.

xv. Duration of the Schemes

The duration of the open-ended Schemes is perpetual while the closed-ended Schemes will mature at the end of the maturity period as specified in the respective SID. However, in accordance with SEBI Regulations, a Scheme may be wound up after repaying the amount due to the Unit Holders:

- a) on the happening of any event which, in the opinion of the Trustee, requires the Schemes to be wound up; or
- b) if 75% of the Unit Holders of the Scheme pass a resolution that the Scheme be wound up; or
- c) if SEBI so directs in the interests of Unit Holders.

If the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Schemes:

- a) to SEBI; and
- b) in two daily newspapers having a circulation all over India and in a vernacular newspaper with circulation in Mumbai.

On and from the date of the publication of notice of winding up, the Trustee or the AMC, as the case may be, shall

- a) cease to carry on any business activities in respect of the Schemes so wound up;
- b) cease to create or cancel Units in the Schemes; and

c) cease to issue or redeem Units in the Schemes.

xvi. Procedure and Manner of Winding Up

The Trustee shall call a meeting of the Unit Holders to approve, by simple majority of the Unit Holders present and voting at the meeting, a resolution authorising the Trustee or any other person to take steps for winding up of the Scheme.

The Trustee, or other person authorised as above, shall dispose of the assets of the Scheme concerned in the best interest of the Unit Holders of the Scheme. The proceeds of sale shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme and after meeting the expenses connected with the winding up, the balance shall be paid to the Unit Holders in proportion to their respective interests in the assets of the Scheme, as on the date when the decision for winding up was taken.

On completion of the winding up, the Trustee shall forward to SEBI and the Unit Holders, a report on the winding up, detailing, the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unit Holders and a certificate from the Auditors of the Fund.

Notwithstanding anything contained herein above, the provisions of the SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.

After the receipt of the Trustee's report referred to above, and if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

C. General Information

i. Securities Lending

If permitted by SEBI under extant Regulations / guidelines, the Equity Schemes may also engage in scrip lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Scrip lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The AMC will apply the following limits, should it desire to engage in scrip lending:

1. Not more than 20% of the net assets of a Scheme can generally be deployed in scrip lending; and
2. Not more than 5% of the net assets of a Scheme can generally be deployed in scrip lending to any single counterparty.

ii. Underwriting

The Schemes do not propose to underwrite securities of other issuers. However, in case of Fidelity Flexi Gilt Fund, the Fund may underwrite issuance of government securities if and to the extent permitted by SEBI / RBI and subject to the prevailing rules and regulations specified in this respect and may also participate in auctions of government securities from time to time.

iii. Borrowing Powers

Under SEBI Regulations, the Fund is allowed to borrow to meet the temporary liquidity needs of a Scheme for the purpose of repurchase, Redemption of Units or payment of interest or dividend to the Unit Holders. Further, as per the SEBI Regulations, the Fund shall not borrow more than 20% of the net assets of a Scheme and the duration of such borrowing shall not exceed a period of 6 months.

The Fund may enter into necessary arrangements with banks / financial institutions for borrowing purposes. The respective Scheme may bear the interest charged on such borrowings.

iv. Inter scheme transfer of investments

Transfers of investments from one Scheme to another Scheme in the Fund shall be made only if,

- (a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation - "spot basis" shall have the same meaning as specified by stock exchange for spot transactions.

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

v. Associate transactions

Fidelity Mutual Fund was registered on February 17, 2005 and has not had any transactions with the Sponsor or any of the Sponsor's associates from the date of registration until the date of this Statement of Additional Information.

The AMC may however, for the purposes of providing certain services utilise the services of the Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, who is in a position to provide the requisite services to the AMC.

The AMC, on behalf of the Fund, shall conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the SEBI Regulations.

The AMC has entered into an agreement with FIL Investment Management (Hong Kong) Limited ("FIMHKL"), appointing them for execution of equity trade orders placed by the fund manager for Schemes of the Fund. FIMHKL places the orders with the brokers registered with SEBI in India. The cost of obtaining such services is entirely borne by the AMC and is not charged to the Schemes.

The AMC has entered into an agreement with Fidelity Business Services India Private Limited, for the purpose of availing certain services in the nature of some of the back office operations of the AMC. The fees for the services will be borne by the AMC and not charged to the Scheme.

The details of the amounts paid by the AMC to its associate viz; FIL FundsNetwork Private Limited during the last three financial years as commission for distribution of units of the Schemes is as follows:

Business/Commission paid to associates/related parties/group companies of sponsor/AMC

1. 2008- 2009

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (Rs. crores & % of total business received by the fund)		Commission paid (Rs & % of total commission paid by the fund)	
FIL Funds Network Private Limited	Associate Company	April 01, 2008 – March 31, 2009	13.79	20.65	216,492	22.54

2. 2009- 2010

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (Rs. Cr. & % of total business received by the fund)		Commission paid (Rs & % of total commission paid by the fund)	
FIL Funds Network Private Limited	Associate Company	April 01, 2009 – March 31, 2010	0.15	0.016	42,602.90	0.27

3. 2010- 2011

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (Rs. Cr. & % of total business received by the fund)		Commission paid (Rs & % of total commission paid by the fund)	
FIL Funds Network Private Limited	Associate Company	April 01, 2010 – March 31, 2011	0.03	0.0006	17,758.56	0.004

vi. Accrual of expenses and income

All expenses and income accrued up to the Valuation Day shall be considered for calculation of NAV. For this purpose, while major expenses like management fees and other periodic expenses would be accrued on a day to day basis, the minor expenses and income may not be so accrued, provided the non accrual does not affect the NAV calculations by more than 1%.

vii. Recording of changes

Any changes in the securities and in the number of units will be recorded in the books not later than the first valuation date following the date of a transaction. If this is not possible, given the frequency of NAV disclosure, the recording may be delayed up to a period of 7 days following the date of the transaction, provided as a result of such non-recording, the NAV calculations shall not be affected by more than 1%.

In case the NAV of a Scheme differs by more than 1%, due to non - recording of the transactions, the investors or Scheme(s) as the case may be, shall be paid the difference in amount as follows:-

- (i) If the investors are allotted units at a price higher than the NAV or are given a price lower than the NAV at the time of sale of their units, they shall be paid the difference in amount by the Scheme.
- (ii) If the investors are charged lower NAV at the time of purchase of their units or are given higher NAV at the time of sale of their units, the AMC shall pay the difference in the amount to the Scheme. The AMC may recover the difference from the investors.

The valuation guidelines outlined above are within the parameters of the Regulations and are subject to changes from time to time by the AMC and / or the Trustee. However, such changes must be in conformity with the Regulations.

viii. Accounting policies and standards

In accordance with SEBI Regulations, the AMC will follow the accounting policies and standards detailed below:

1. The AMC shall keep and maintain proper books of accounts, records and documents, for all the Schemes so as to explain its transactions and to disclose at any point of time the financial position of any Scheme and, in particular, to give a true and fair view of the state of affairs of the Fund.
2. For the purposes of the financial statements, the Fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, a provision shall be made for exclusion of this item when arriving at the distributable income.
3. In respect of all interest-bearing investments, income shall be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to interest recoverable account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to interest recoverable account.
4. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
5. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market (for example, acquisitions through private placement or purchases or sales through private treaty), the transaction shall be recorded, in the event of a purchase, as of the date on which any Scheme obtains an enforceable obligation to pay the price, or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
6. Where income receivable on investments has accrued but has not been received for the period as specified in the SEBI guidelines for identification and provisioning for NPAs, provision shall be made by debiting to the revenue account the income so accrued in the manner specified in the SEBI guidelines for identification and provisioning for NPAs. Insofar as provision for the principal amount is concerned, the same shall be provided as specified in the aforesaid guidelines.
7. When Units are sold, the difference between the sale price and the face value of the Unit, if positive, shall be credited to reserves and if negative, shall be debited to reserves, the face value being credited to the capital account. Similarly, when Units are repurchased, the difference between the Purchase Price and face value of the Unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the capital account.
8. When Units are sold, an appropriate part of the sale proceeds shall be credited to an equalisation account, and when Units are repurchased an appropriate amount shall be debited to equalisation account. The net balance on this account shall be credited or debited to the revenue account. The balance on the equalisation account debited or credited to the revenue account shall not decrease or increase the net income of any Scheme but shall only

be an adjustment to the distributable surplus. It shall therefore be reflected in the revenue account only after the net income of a Scheme is determined.

9. The cost of investments acquired or purchased shall include securities transaction tax, brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments, any front-end discount offered shall be reduced from the cost of the investment.
10. Dividend income earned by the Scheme shall be recognised on the date on which the investment is quoted on an ex-dividend basis, not on the date on which the dividend is declared. For investments, which are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
11. Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares to which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.

The accounting policies and standards outlined above are consistent with the existing SEBI Regulations and are subject to changes made from time to time by the AMC and / or Trustee Company. However, such changes must be in conformity with the SEBI Regulations.

ix. Power to make rules

Subject to the Regulations, the Trustee may, from time to time, prescribe terms and make rules for the purpose of giving effect to the Schemes and may authorise the AMC to add to, alter or amend all or any of such terms and rules.

x. Power to remove difficulties

If any difficulties arise in giving effect to the provisions of any Scheme, the Trustees may, subject to SEBI Regulations, do anything not inconsistent with such provisions, which appears to it to be necessary, desirable or expedient, for the purpose of removing such difficulties.

xi. Scheme to be binding on the Unit Holders

Subject to SEBI Regulations, the Trustee may, from time to time, add or otherwise vary or alter all or any of the features of investment options and terms of the Schemes, if necessary, after obtaining prior permission of SEBI and the Unit Holders and the same shall be binding on all the Unit Holders of the Schemes and any person or persons claiming through or under them as if each Unit Holder or such person expressly had agreed that such features and terms shall be so binding. Any additions / variations / alternations shall be done only in accordance with the SEBI Regulations.

xii. Register of the Schemes' Unit Holders

Registers of Unit Holders of each Scheme, containing necessary particulars, will be maintained at the registered office of the AMC at Mumbai and at the office of the Registrar at Chennai and at such other places as the Trustee may decide.

xiii. Website

The website of the Fund / AMC is intended solely for the use of Resident Indians, NRIs, PIOs and FIIs registered with SEBI. It should not be regarded as a solicitation for business in any jurisdiction other than India. In particular, the information is not for distribution and does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where such activity is prohibited, including the United States of America. Any persons resident outside India who nevertheless intend to respond to this material must first satisfy themselves that they are not subject to any local requirements which restrict or prohibit him from so doing. Information other than that relating specifically to the AMC / the Fund and its products, is for information purposes only and should not be relied upon as a basis for investment decisions. The AMC cannot be held responsible for any information contained in any website linked from this website.

xiv. Omnibus Clause

Besides the AMC, the Trustee / Sponsor may also absorb expenditures in addition to the limits laid down under Regulation 52 of the SEBI Regulations.

Further, any amendments / clarifications / guidelines including in the form of notes or circulars issued by SEBI from time to time for the operation and management of the Mutual Fund shall be applicable.

xv. Documents available for inspection

The following documents will be available for inspection at the office of the Mutual Fund at 6th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021 during business hours on all Business Days:

- (i) Memorandum and Articles of Association of the AMC
- (ii) IMA
- (iii) Trust Deed and amendments thereto, if any
- (iv) Mutual Fund Registration Certificate
- (v) Agreement between the Mutual Fund and the Custodian
- (vi) Agreement of the AMC with the Registrar and Share Transfer Agents
- (vii) Consent of Auditors to act in the said capacity
- (viii) A copy of the SEBI Regulations and the amendments thereto, from time to time.
- (ix) A copy of the Indian Trusts Act, 1882.

xvi. Investor Services

Investors can enquire about NAVs, unit holdings, valuation, dividends, etc. or lodge any service request by calling the investor line of the AMC at "**1800 2000 400**" or **0124 3915655** (at long distance rates). In order to protect confidentiality of information, the service representatives may require personal information of the investor for verification of his / her identity. 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. Vikram Soni, who has been appointed as the Investor Relations Officer. He can be contacted at:

Address : Ground Floor, 'Tower- D,
Unitech World Cyber Park, Sector 39,
Gurgaon -122001

Telephone : 1800-2000-400

Fax : 0124- 4992725

E-mail : investor.line@fidelity.co.in

xvii. Investor Grievances Redressal Mechanism

Investor Complaints for the last three fiscal years. including complaints received from SEBI.

Nature Of Complaints	2008-2009			2009-2010			2010-2011		
	Received	Redressed	Pending	Received	Redressed	Pending	Received	Redressed	Pending
Complaints Received from SEBI	104	103	1	52	52	0	78	78	0
Correction in Investor Details	2412	2358	54	1242	1231	11	1243	1241	2
Non Allotment of Units	17	16	1	9	8	1	0	0	0
Non receipt of Account Statement	294	292	2	465	465	0	35	35	0
Non receipt of Dividend Warrant	645	641	4	420	419	1	15	15	0

Non receipt of Redemption Warrant	245	220	25	562	562	0	29	29	0
Investor General Complaints	134	130	4	54	54	0	11	11	0
Total	3851	3760	91	2823	2804	19	1411	1409	2

Investor Complaints for the period April 2011 – November 2011

Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
			Resolved			Non Actionable	Pending				
			Within 30 days	30-60 days	60-180 days		0-3 months	3-6 months	6-9 months	9-12 months	
Non receipt of Dividend on Units	0	7	7					1			
Interest on Delayed payment of Dividend	0	2	2					0			
Non receipt of Redemption Proceeds	1	4	2					2			
Interest on delayed payment of Redemption	0	36	36					0			
Non receipt of Statement of Account/Unit Certificate	1	13	14					0			
Discrepancy in Statement of Account	2	625	627					0			
Non receipt of Annual Report/Abridged Summary	0	0	0					0			
Wrong switch between Schemes	0	1	1					0			
Unauthorized switch between Schemes	0	1	1					0			
Deviation from Scheme attributes	0	0	0					0			
Wrong or excess charges/load	0	2	2					0			
Non updation of changes viz. address, PAN, bank details, nomination, etc.	0	2	2					0			
Others	0	48	48					0			
Total	4	741	742					3			

The investor complaints received by the Fund are redressed by the Investor Relations Officer and CAMS, the Registrar to the Mutual Fund. The Compliance Officer regularly reviews the redressal of complaints for assessing the quality and timeliness of the redressal.

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