

STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (SAI) contains details of Union KBC 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 June 28, 2013.

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| <p>Name of Mutual Fund:</p> | <p>Name of Asset Management Company:</p> |
| <p>Union KBC Mutual Fund Registered Office: 7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013 www.unionkbc.com</p> | <p>Union KBC Asset Management Company Private Limited Registered Office: 7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013</p> |
| <p>Name of Trustee Company:</p> | <p>Name of Sponsors:</p> |
| <p>Union KBC Trustee Company Private Limited Registered Office: 7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013</p> | <p>1) Union Bank of India Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400 021 2) KBC Participations Renta (a 100% subsidiary of KBC Asset Management NV) 5, place de la Gare, L - 1616 Luxembourg</p> |

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Union KBC Mutual Fund

7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013
www.unionkbc.com

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Definitions

The following definitions/terms apply throughout this Statement unless the context requires otherwise:

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| AMFI Certified Stock Exchange Brokers | A person who is registered with Association of Mutual Funds in India (AMFI) as Mutual Fund Advisor and who has signed up with Union KBC Asset Management Company Private Limited and also registered with BSE & NSE as Participant. |
| Applicable NAV | The NAV applicable for purchase or redemption or Switching of Units based on the time of the Business Day on which the application is time stamped. |
| Application Supported by Blocked Amount or ASBA | ASBA is an application containing an authorization to a Self Certified Syndicate Bank (SCSB) to block the application money in the bank account maintained with the SCSB, for subscribing to an issue. |
| Asset Management Company or Investment Manager or AMC | Union KBC Asset Management Company Private Limited incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Investment Manager to the Scheme(s) of Union KBC Mutual Fund. |
| ARN Holder / AMFI Registered Distributors | Intermediary registered with AMFI to carry out the business of selling and distribution of mutual fund units and having AMFI Registration Number (ARN) allotted by AMFI. |
| Beneficial Owner | Beneficial owner, as defined in the Depositories Act, 1996 (22 of 1996), means a person whose name is recorded as such with a Depository. Thus Unitholders holding Units in dematerialised form are considered to be beneficial owners. |
| Business Day | <p>A day other than:</p> <ul style="list-style-type: none"> (i) Saturday and Sunday; (ii) A day on which the banks in Mumbai and /or RBI are closed for business /clearing; (iii) A day on which the National Stock Exchange of India Limited and/or the Bombay Stock Exchange Ltd., are closed; (iv) A day which is a public and /or bank Holiday at a Customer Service Centre/Official Point of Acceptance where the application is received; (v) A day on which Sale / Redemption / Switching of Units is suspended by the AMC; (vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time. <p>Further, the day(s) on which the money markets are closed / not accessible, shall not be treated as Business Day(s).</p> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Customer Service Centers/Official Points of Acceptance of the Mutual Fund or its Registrar.</p> |
| Business Hours | Presently 9.30 a.m. to 5.00 p.m. on any Business Day or such other time as may be applicable from time to time. |
| Controlling Branches (CBs) of the SCSBs | Branches of the Self Certified Syndicate Banks (SCSBs) acting as coordinating branch with the Registrar and Transfer Agent of the Fund for the ASBA facility. |
| Close-ended Scheme | Close-ended Scheme means any scheme of the mutual fund in which the period of maturity of the scheme is specified. |
| Credit Rating Agency | A body corporate which is engaged in, or proposes to be engaged in, the business of rating of securities offered by way of public or rights issue under the SEBI (Credit Rating Agencies) Regulations, 1999. |
| Custodian | A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Citibank N.A. |
| Cut off time | In respect of subscriptions and redemptions received by the Scheme, it means the outer limit of timings within a particular day/ Business Day which are relevant for determination of the NAV/ related prices to be applied for a transaction. |
| Debt Instruments | Government securities, corporate debentures, bonds, promissory notes, money market instruments, pass-through certificates, asset backed securities/securitised debt and other possible similar securities. |
| Depository | A Depository as defined in the Depositories Act, 1996 and includes National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). |
| Depository Participant or DP | Depository Participant (DP) is an agent of the Depository who acts like an intermediary between the Depository and the investors. DP is an entity who is registered with SEBI to offer depository-related services. |
| Derivative | Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, |

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| | risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities. |
| Designated Branches (DBs) of the SCSBs | Branches of the SCSBs which collect completed ASBA Application Forms towards subscription to Units of a Scheme offered during NFO. List of Designated Branches is available at http://www.sebi.gov.in and will also be available during a NFO on AMC Website. |
| Dividend | Income distributed by the Mutual Fund on the Units of a Scheme, where applicable. |
| Electronic Fund Transfer/ EFT | Electronic Fund Transfer includes all the means of electronic transfer like Direct Credit / Debit, National Electronic Clearing System (NECS), RTGS, NEFT, Wire Transfer or such like modes may be introduced by relevant authorities from time to time. |
| Entry Load | Entry Load means a one-time charge that the investor pays at the time of entry into the scheme. Presently, entry load cannot be charged by mutual fund schemes. |
| Equity related instruments | Equity related instruments would include convertible bonds, convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other similar instrument. |
| Exit Load | A charge paid by the investor at the time of exit from the scheme. |
| Fixed Income Securities | Debt Securities created and issued by, inter alia, Central Government, State Government, Local Authorities, Municipal Corporations, PSUs, Public Companies, Private Companies, Bodies Corporate, Special Purpose Vehicles (incorporated or otherwise) and any other entities, which yield at fixed rate by way of interest, premium, discount or a combination of any of them. |
| Floating Rate Debt Instruments | Floating rate debt instruments are debt securities issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund. The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields. |
| Foreign Institutional Investor (FII) | Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |
| Foreign Securities | ADRs / GDRs/ equity / debt securities of overseas companies listed on the recognized stock exchanges overseas or other securities as may be specified and permitted by SEBI and/or RBI from time to time. |
| Fund Accountant | Citibank NA, Mumbai who has been appointed as the Fund Accountant, to provide fund accounting, NAV calculation and other related services, and includes such Fund Accountant(s) as may be appointed from time to time. |
| Gilts or Government Securities | Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time. |
| GOI | Government of India |
| Interest Rate Swap or IRS | IRS is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions till maturity. Typically, one party receives a pre-determined fixed rate of interest while the other party receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets. |
| Investment Management Agreement | The agreement dated December 2, 2010 entered into between Union KBC Trustee Company Private Limited and Union KBC Asset Management Company Private Limited, as amended from time to time. |
| Investor | Any resident (person resident in India under the Foreign Exchange Management Act) or non-resident person (a person who is not a resident of India) whether an individual or not (legal entity), who is eligible to subscribe for Units under the laws of his/her/its/their state/country of incorporation, establishment, citizenship, residence or domicile and who has made an application for subscribing for Units under the Scheme(s). |
| Investor Service Centres/ Customer Service Centres or CSCs | Investor Service Centres / Customer Service Centres, as designated from time to time by the AMC, whether of the Registrar or AMC's own branches, being official points of acceptance, authorized to receive application forms for Purchase/ Redemption /Switch and other service requests/queries from investors/Unit Holders. |
| Money Market Instruments | Money Market Instruments as defined in the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time. Generally, Money Market Instruments includes commercial papers, commercial bills, and treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, CBLO, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time. |
| Mutual Fund or the Fund | Union KBC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882. |
| Net Asset Value or NAV | Net Asset Value per Unit of the Scheme (including options thereunder), calculated in the manner described in the Scheme Information Document or as may be prescribed by the SEBI (MF) Regulations from time to time. |

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| Non-resident Indian or NRI | A Non-Resident Indian or a Person of Indian Origin residing outside India. |
| Offer Document | Scheme Information Document (SID) and Statement of Additional Information (SAI) (collectively). |
| Official Points of Acceptance | Places, as specified by AMC from time to time where application for Subscription / Redemption / Switch will be accepted on ongoing basis. |
| Ongoing Offer/Continuous Offer | Offer of units under the Scheme(s), when it becomes open-ended after the closure of its New Fund Offer Period. |
| Ongoing Offer /Continuous Offer Period | The period during which the Ongoing Offer/Continuous Offer for subscription to the Units of the Scheme(s) is made and not suspended. |
| Open-ended Scheme | Open-ended Scheme means a scheme of a mutual fund which offers units for sale without specifying any duration for redemption. |
| Person of Indian Origin | A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in subclause (a) or (b). |
| Rating | Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999. |
| Reserve Bank of India or RBI | Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934). |
| Registrar and Transfer Agents or Registrar or RTA | Computer Age Management Services Private Limited (CAMS), currently acting as Registrar to the Schemes, or any other Registrar appointed by the AMC from time to time. |
| Redemption or Repurchase | Redemption/Repurchase of Units of the Schemes as specified in this Document. |
| Regulatory Agency or Regulatory Authority | GOI, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund. |
| Repo | Sale of Government Securities with simultaneous agreement to repurchase them at a later date. |
| Reverse Repo | Purchase of Government Securities with simultaneous agreement to sell them at a later date. |
| Scheme or Scheme(s) | A Scheme referred to in this SAI means the Scheme of the Fund (including, as the context permits, the Plans and Options thereunder), whether existing, and as launched from time to time, individually referred to as 'Scheme' and collectively referred to as 'Scheme(s)', as the context permits. Scheme specific provisions shall be construed in the context of relevant Scheme and shall be read together with the respective SID. |
| Self Certified Syndicate Bank or SCSB | Self Certified Syndicate Bank/ SCSB means a bank registered with SEBI to offer the facility of applying through the ASBA process. ASBAs can be accepted only by SCSBs, whose names appear in the list of SCSBs as displayed by SEBI on its website at www.sebi.gov.in . |
| Statement of Additional Information or SAI | This document issued by Union KBC Mutual Fund containing details of Union KBC Mutual Fund, its constitution, and certain tax, legal and general information, as amended from time to time. SAI is legally a part of the Scheme Information Document. |
| Sale or Subscription | Sale or allotment of Units to the Unit holder upon subscription by the Investor / Applicant under the Schemes. |
| Scheme Information Document or SID | A document issued by Union KBC Mutual Fund, offering units of the Schemes of the Fund for subscription and as modified from time to time. |
| SEBI | Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992. |
| SEBI (MF) Regulations or SEBI Regulations or Regulations | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended and re-enacted from time to time including notifications/circulars/guidelines issued thereunder, from time to time. |
| Securities | As defined in Securities Contract (Regulation) Act, 1956 & includes notes, bonds, debentures, debenture stock, warrants, etc., futures, options, derivatives, etc. or other transferable securities of a like nature in or of any incorporated company or other body corporate, Gilts / Government Securities, Mutual Fund Units, Money Market Instruments like Call Deposit, Commercial Paper, Treasury Bills, etc. and such other instruments as may be declared by GOI and / or SEBI and / or RBI and / or any other regulatory authority to be securities and rights or interest in securities. |
| Service Provider | Service Provider means an entity offering or providing service of any description which is made available to the AMC on account of the Mutual Fund and includes the provision of facilities in connection with banking, finance, Custody, Fund Accountant, RTA, Mail / Courier, Electronic Transmission, Records, Storage/ Retrievals, Insurance, Communication, Processing, etc., individually and/or in any combination thereof or such other services as are required for the smooth functioning of the Mutual Fund. |
| Short Selling | Short selling means selling a stock which the seller does not own at the time of trade. |

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| Sponsors | Union Bank of India and KBC Participations Renta (collectively). |
| Stock Exchange Facility | Means the facility for transacting (purchase / redemption) in the Units of select Schemes through the stock exchange infrastructure, in terms of SEBI Circular No. SEBI /IMD / CIR No.11/183204/ 2009 dated November 13, 2009. Such transactions shall be undertaken by the investor / Unit holders on the Stock Exchange through Eligible Stock Brokers in accordance with the guidelines specified by the Exchange from time to time. Further, in terms of SEBI Circular CIR/IMD/DF/17/2010 dated November 9, 2010. units of select Schemes may be permitted to be transacted (purchases/ redemptions) through clearing members of the registered Stock Exchanges and redeemed through Depository Participants of registered Depositories (in case the units are held in demat form). |
| Stock Lending | Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. |
| Switch | Redemption of a unit in any scheme (including the Options therein) of the Mutual Fund against purchase / allotment of a unit in another scheme (including the Options therein) of the Mutual Fund, subject to completion of Lock-in Period, if any, of the units of the scheme(s) from where the units are being switched. |
| Systematic Investment Plan / SIP | Facility given to the Unit holders to invest specified fixed sums in a Scheme on periodic basis by giving a single instruction. |
| Systematic Transfer Plan / STP | Facility given to the Unit holders to transfer sums on periodic basis from one Scheme to another Scheme launched by the Mutual Fund from time to time by giving a single instruction. |
| Systematic Withdrawal Plan / SWP | Facility given to the Unit holders to withdraw amounts from the Scheme on periodic basis by giving a single instruction. |
| Trustee or Trustee Company | Union KBC Trustee Company Private Limited incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the Trustee to the Scheme(s) of the Mutual Fund. |
| Trust Deed / Deed of Trust | The Trust Deed dated December 1, 2010 made by and between the Sponsors and Union KBC Trustee Company Private Limited, as amended from time to time, thereby establishing an irrevocable trust, called Union KBC Mutual Fund. |
| Trust Property | Includes Permissible Investments and cash or any part thereof which may be converted or varied from time to time. |
| Unit | The interest of the Unit holder in a Scheme, which consists of each Unit representing one undivided share in the assets of such Scheme. |
| Unit holder | A person holding Unit(s) in a Scheme of the Fund. |

Abbreviations:

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| AMFI | Association of Mutual Funds in India | MFSS | Mutual Fund Service System |
| AOP | Association of Persons | NAV | Net Asset Value |
| ASBA | Application Supported by Blocked Amount | NBFC | Non Banking Finance Company |
| BOI | Bodies of Individuals | NCCT | Non-Compliant Countries and Territories |
| BSE | BSE Limited (Formerly known as Bombay Stock Exchange Ltd). | NECS | National Electronic Clearing System |
| BSE StAR MF | BSE Stock Exchange Platform for Allotment and Repurchase of Mutual Funds | NEFT | National Electronic Funds Transfer |
| CAMS | Computer Age Management Services Private Limited | NFO | New Fund Offer |
| CBLO | Collateralised Borrowing and Lending Obligation | NISM | National Institute of Securities Markets |
| CBs | Controlling Branches of SCSBs | NRE | Non Resident External (Rupee) Account |
| CDSL | Central Depository Services (India) Limited | NRI | Non-Resident Indian |
| CFI | Condensed Financial Information | NRO | Non Resident Ordinary |
| CRISIL | Credit Rating Information Services of India Limited | NSDL | National Securities Depository Limited |
| CSC | Customer Service Centre | NSE | National Stock Exchange |
| CVL | CDSL Ventures Limited | OCBs | Overseas Corporate Bodies |
| DBs | Designated Branches of SCSBs | PAN | Permanent Account Number |
| DP | Depository Participant | PIO | Person of Indian Origin |
| DRF | Demat Request Form | PMLA | Prevention of Money Laundering Act, 2002 |

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|---------|---|---------------------|--|
| EFT | Electronic Funds Transfer | POA | Power Of Attorney |
| ELSS | Equity Linked Savings Scheme | POS | Points of Service |
| FATF | Financial Action Task Force | PSU | Public Sector Undertaking |
| FCNR | Foreign Currency Non Resident | RBI | Reserve Bank of India |
| FEMA | Foreign Exchange Management Act | RTA | Registrar and Transfer Agents |
| FI | Financial Institution | RTGS | Real Time Gross Settlement |
| FII | Foreign Institutional Investor | SAI | Statement of Additional Information |
| FIMMDA | Fixed Income Money Market & Derivatives Dealers Association | SCSB | Self Certified Syndicate Bank |
| FIU-IND | Financial Intelligence Unit - India | SEBI | Securities and Exchange Board of India |
| HUF | Hindu Undivided Family | SID | Scheme Information Document |
| ICRA | ICRA Limited | SIP | Systematic Investment Plan |
| IMA | Investment Management Agreement | SPV | Special Purpose Vehicle |
| IPV | In-Person Verification | STP | Systematic Transfer Plan |
| KRA | KYC Registration Agency | STT | Securities Transaction Tax |
| KYC | Know Your Client | SWP | Systematic Withdrawal Plan |
| KYD | Know Your Distributor | Union KBC AMC / AMC | Union KBC Asset Management Company Private Limited |
| LLPs | Limited Liability Partnerships | YTM | Yield To Maturity |

INTERPRETATION

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

1. All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa. All references to Unitholders whether masculine or feminine include references to non-individuals unless repugnant to the context thereof.
2. All references to "₹" refer to Indian Rupees and "dollars" or "\$" refer to United States Dollars. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
3. All references to timings relate to Indian Standard Time (IST).
4. Any reference to any statute or statutory provision shall be construed as including a reference to any statutory modifications or re-enactment thereto from time to time.
5. Headings are for ease of reference only and shall not affect the construction or interpretation of this Document.

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

Union KBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a trust on December 1, 2010 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Union Bank of India (51% stake) and KBC Participations Renta (49% stake) as the Sponsors and Union KBC 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 March 23, 2011 under Registration Code MF/066/11/01.

B. Sponsors

Union KBC Mutual Fund is sponsored by Union Bank of India and KBC Participations Renta. The Sponsors are the Settlers of the Mutual Fund Trust. The Sponsors have entrusted a sum of ₹ 1,00,000 each to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Union Bank of India is one of the leading public sector banks in India, registered on November 11, 1919 as a limited company and is headquartered in Mumbai. The Bank has a network of over 3500 domestic branches and 2 foreign branches and over 30 million customers. Moreover, all of these branches are integrated under the Core Banking Solution. Union Bank of India is the first large public sector bank in the country to have implemented 100% networking of branches.

The present business activities of KBC Participations Renta consist of the acquisition, holding, management, administration and disposal of financial assets including the acquisition of holdings, in whatsoever form, in other companies in Luxembourg and abroad.

KBC Participations Renta is a 100% subsidiary of KBC Asset Management NV which is a leading Belgian Asset Manager mainly active in Belgium and Central Europe. KBC Asset Management NV is one of the leading asset managers in Belgium, with a market share of 32.10% as on December 31, 2012. Its share of the Belgian market for capital-protected products comes to no less than 58.76%. KBC Asset Management's results are indicative of its expertise and know how in the asset management business, innovative products and close cooperation with its distributors and extended focus on trainings, coaching and offering of investment advice, which will be made available to the Joint Venture entered into with Union Bank of India.

Financial Performance of the Sponsors (past three years):

Union Bank of India

(in ₹ Crores)

| Particulars | Year ended 31.03.13 | Year ended 31.03.12 | Year ended 31.03.11 |
|---|------------------------|------------------------|------------------------|
| Net Worth | 15,777.00 | 14,338.00 | 11,177.00 |
| Total Income | 27,676.72 | 23,476.66 | 18,491.40 |
| Profit after tax | 2,157.92 | 1,787.14 | 2,081.95 |
| Assets Under Management (if applicable) | N.A. | N.A. | N.A. |

N.A.: Not applicable

KBC Participations Renta, (a 100% subsidiary of KBC Asset Management NV)

(in ₹ Crores)

| Particulars | Year ended 31.12.12 | Year ended 31.12.11 | Year ended 31.12.10 |
|---|------------------------|------------------------|------------------------|
| Net Worth | 1,269.29 | 1,075.13 | 1,017.06 |
| Total Income | 203.59 | 21.88 | 29.72 |
| Profit after tax | 194.79 | 9.79 | 3.64 |
| Assets Under Management (if applicable) | N.A. | N.A. | N.A. |

N.A.: Not applicable

KBC Asset Management NV

(in ₹ Crores)

| Particulars | Year ended 31.12.12 | Year ended 31.12.11 | Year ended 31.12.10 |
|---|------------------------|------------------------|------------------------|
| Net Worth | 2,598.45 | 2,273.82 | 1,833.51 |
| Total Income | 4,393.42 | 3,983.10 | 3,427.84 |
| Profit after tax | 1,740.62 | 1,423.97 | 771.67 |
| Assets Under Management (if applicable) | 10,67,155.76 | 9,75,805.27 | 10,53,714.84 |

C. The Trustee

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

Union KBC Trustee Company Private Limited is a company incorporated under the Indian Companies Act, 1956 and was incorporated on December 30, 2009 having its Registered Office at 7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (West) Mumbai - 400013.

The shareholding pattern of the Trustee Company is as follows:

| Name of the Shareholder | % of Paid up Equity Share Capital |
|--------------------------|-----------------------------------|
| Union Bank of India | 51 |
| KBC Participations Renta | 49 |

Details of Trustee Directors:

| Name | Age/Qualification(s) | Brief Experience |
|--------------------------|--|--|
| Mr. Mayank Mehta* | 54 years BSC, CAIIB | Mr. Mehta is currently the General Manager & Chief Financial Officer (CFO) of Union Bank of India in charge of Finance, Planning and Investor Relations. Prior to which, he was Regional Head – Ernakulum with Union Bank of India in the capacity of Deputy General Manager from May 2010 to August 2012. Mr. Mehta has been associated with Union Bank since 1977 and has over 36 years of experience in the Banking Services. |
| Mr. Peter Buelens* | 53 years Secondary School - Science A, St-Rombouts College, Mechelen; Master in Commercial & Financial Services, VLEKHO, Brussels; Master in Actuarial Sciences, KUL, Leuven; Master in Financial Management, VLEKHO, Brussels | Mr. Buelens is currently the Managing Director of KBC Asset Management, Belgium (Brussels) incharge of Structured Product and Product Development. Prior to which, he was associated with KBC Credit Investments, Belgium (Brussels) as the Managing Director responsible for Credit Risk Investments from year 2007 to 2009. He has also been associated with KBC Bank in various capacities like Director (Investment & Treasury) (from year 2000 to 2007) and as Head (Investment Portfolio - Equity) from year 1998 to 2000. He is also a Director on the Board of various companies within the KBC Group. |
| Dr. K. Cherian Varghese | 67 years M.Sc. (Physics), Associate of Chartered Institute of Bankers, London Doctorate (Ph.D.-Commerce in Business Policy and Administration) from University of Mumbai | Mr. Varghese was the Chairman of the Board of Industrial and Financial Reconstruction (BIFR) from year 2009 to 2010 with responsibilities of overall governance. He was also the former Chairman and Managing Director of Union Bank of India and Corporation Bank from year 2004 to 2006 and year 2000 to 2004 respectively. He has also worked with National Institute of Securities Market as Member, Board of Governors, IDBI Intech as Director, BIFR as Member, Export Import Bank of India as Director, Indian Institute of Banking and Finance as President etc. |
| Mr. Pradeep Bhandari | 55 years LLB & FCA | Mr Bhandari is currently the Managing Director of Gomukhi Indus Capital Advisory Pvt. Ltd. He was formerly the Group President & Wholetime Director of Raymond Limited from year 2005 to 2008 with responsibilities of overall management of the entire group. Mr. Bhandari is currently the Director on the Board of various Companies. |
| Mr. Durga Prasad Duvvuri | 57 years Post Graduation in Mathematics from Osmania University, Hyderabad Pursued Research as a Doctoral Candidate at the India Institute of Management, Ahmedabad. ABD (All But Dissertation) in Organizational Behaviour. Area of Research: Institution-building. | Mr. Duvvuri has been a consultant since 1993. He has been undertaking training and workshop sessions on change management for several important academic institutions such as IIM-Bangalore, XIM-Bhubaneshwar, IRMA, Administrative Staff College of India - Hyderabad, UTI- Institute of Capital Markets-Navi Mumbai, SBI Staff College and Management Associations. Mr. Duvvuri was a member of the advisory Board of the incubation centre set up by Small Industries Development Bank of India and Indian Institute of Technology, Kanpur in the IIT Campus at Kanpur till March 2005. He has been a columnist, on management matters, for a leading financial newspaper in India. |
| Mr. K. Madhava Kumar | 59 years Post Graduation in Commerce (M.Com), Certified Course in Banking (CAIIB) | Mr. Madhava Kumar was the Executive Director of Educhannel Mumbai, a consultancy firm for overseas education from April 2009 till February 2013. Prior to this, he was associated with UTI Asset Management Company Limited at its Mumbai Head Office as Chief General Manager in the Department of Sales and Marketing. He joined the services of Unit Trust of India / UTI Asset Management Company Limited in December 1977. Thereafter, through a series of internal promotions, he worked in different departments in various positions at various locations. Last worked as President (Chief General Manager) in the Department of Sales and Marketing. Mr. Madhava Kumar has over three decades of rich experience in Mutual Fund Operations. |

*Associate Director

Rights, Obligations, Responsibilities and Duties of the Trustee:

In accordance with the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed dated December 1, 2010, constituting the Mutual Fund, the rights, obligations, responsibilities and duties of the Trustee include the following:

1. The Trustee shall, with the prior approval of SEBI, enter into an Investment Management Agreement with the AMC.
2. The Trustee shall ensure that the Investment Management Agreement contains such clauses as are mentioned in the Fourth Schedule of the SEBI Regulations and such other clauses as are necessary for the purpose of making investments.
3. The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustee.
4. The Trustee shall ensure before the launch of any scheme that the AMC, has,-
 - a. systems in place for its back office, dealing room and accounting;
 - b. appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustee, within 15 days of their appointment;
 - c. appointed auditors to audit its accounts;
 - d. appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or the Central Government and for redressal of investors grievances;
 - e. appointed registrars and laid down parameters for their supervision;
 - f. prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - g. specified norms for empanelment of brokers and marketing agents; and
 - h. obtained, wherever required under these Regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
5. The Compliance Officer appointed under clause (d) of sub-regulation (4) of SEBI Regulations, shall immediately and independently report to SEBI any non-compliance observed by him.
6. The Trustee shall ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
7. The Trustee shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.
8. The Trustee shall ensure that the transactions entered into by the AMC are in accordance with SEBI Regulations and the scheme.
9. The Trustee shall ensure that the AMC has been managing the Mutual Fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
10. The Trustee shall ensure that all the activities of the AMC are in accordance with the provisions of SEBI Regulations.
11. Where the Trustee has reason to believe that the conduct of business of the Mutual Fund is not in accordance with SEBI Regulations and the scheme it shall forthwith take such remedial steps as are necessary by it and shall immediately inform SEBI of the violation and the action taken by it.
12. Each Director of the Trustee Company shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
13. The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with SEBI Regulations and the provisions of the Trust Deed.
14. The Trustee shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the Trust Deed.
15. The Trustee shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of any scheme in accordance with SEBI Regulations and the Trust Deed.
16. The Trustee shall obtain the consent of the unitholders-
 - a. whenever required to do so by SEBI in the interest of the unitholders; or
 - b. whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
 - c. when the majority of the Directors of the Trustee Company decides to wind up or prematurely redeem the units.
17. The Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless,-
 - a. a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated; and
 - b. the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.
18. The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
19. The Trustee shall quarterly review all transactions carried out between the Mutual Fund, AMC and its associates.
20. The Trustee shall quarterly review the networth of the AMC and in case of any shortfall, ensure that the AMC makes up for the shortfall as per clause (f) of sub-regulation (1) of Regulation 21 of SEBI Regulations.
21. The Trustee shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unitholders.
22. The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the unitholders.
23. The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.
24. The Trustee shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI Regulations.
25. The Trustee shall furnish to SEBI on a half-yearly basis,-
 - a. a report on the activities of the Mutual Fund;
 - b. a certificate stating that the Trustee has satisfied itself that there have been no instances of self-dealing or front running by any of the Directors of the Trustee Company, directors and key personnel of the AMC;
 - c. a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of

regulation 24 of SEBI Regulations have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the unitholders are protected.

26. The independent Directors of the Trustee Company referred to in sub-regulation (5) of regulation 16 of SEBI Regulations shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsors.

27. The Trustee shall exercise due diligence as under:

General Due Diligence:

- a. The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
- b. The Trustee shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the Scheme(s) and shall not allow the AMC to float any new Scheme(s).
- c. The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- d. The Trustee shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authorities.
- e. The Trustee shall arrange for test checks of service contracts.
- f. The Trustee shall immediately report to SEBI of any special developments in the Mutual Fund.

Specific Due Diligence:

The Trustee shall:

- a. Obtain internal audit reports at regular intervals from independent auditors appointed by Trustee.
- b. Obtain compliance certificates / reports at regular intervals from the AMC
- c. Hold meetings of Board of Directors of Trustee Company more frequently.
- d. Consider the reports of independent auditor and compliance reports of AMC at the meetings of Trustee for appropriate action.
- e. Maintain records of the decisions of the Trustee at its meetings and of the minutes of the meetings.
- f. Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel.
- g. Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.

28. Notwithstanding anything contained in any applicable SEBI Regulations, the Trustee shall not be held liable for acts done in good faith if it has exercised adequate due diligence honestly.

29. The independent directors of the Trustee Company or AMC shall pay specific attention to the following, as may be applicable, namely:-

- i. the Investment Management Agreement and the compensation paid under the agreement,
- ii. service contracts with affiliates-whether the AMC has charged higher fees than outside contractors for the same services,
- iii. selection of the AMC's independent directors,
- iv. securities transactions involving affiliates to the extent such transactions are permitted,
- v. selecting and nominating individuals to fill independent directors vacancies,

- vi. code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
- vii. the reasonableness of fees paid to Sponsors, AMC and any others for services provided,
- viii. principal underwriting contracts and their renewals,
- ix. any service contract with the associates of the AMC.

30. In carrying out his responsibilities, each member of the Board of Directors of the Trustee Company shall maintain arm's length relationship with other companies or institutions or financial intermediaries or any body corporate with which he/she may be associated.

31. The Directors of the Trustee Company shall not participate in the Board Meetings of the Trustee Company or in any decision making process of its Board for any investments in which he/she may be interested.

32. Each Director of the Trustee Company shall provide to its Board, the particulars of any interest which he/she may have in any other company or institution or financial intermediary or any body corporate by virtue of his/her position as director, partner or with which he/she may be associated in any other capacity.

33. The Trustee shall act in the interest of the unitholders.

34. It shall be the duty of the Trustee to provide or cause to provide information to the unitholders and SEBI as may be specified by SEBI from time to time.

35. The Trustee shall take reasonable care to ensure that the funds under various schemes floated, are managed by the AMC in accordance with the Trust Deed and SEBI Regulations.

36. The Trustee shall appoint a custodian and shall be responsible for the supervision of its activities in relation to the Mutual Fund and shall enter into a custodian Agreement with the custodian for this purpose.

37. The Trustee shall ensure that the auditor for the Mutual Fund shall be different from the Auditor of the AMC.

38. The Trustee shall not acquire nor allow the AMC to acquire any assets 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.

39. No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and unitholder's approval would be obtained where it affects the interest of unitholders.

40. The Trustee, in discharge of its duties, and in exercise of all discretionary powers, may engage, appoint, employ, retain, or authorise the AMC to engage, appoint, employ or retain any solicitors, advocates, bankers, brokers, accountants, professional advisors and consultants as it may deem appropriate.

Supervisory Role of the Trustee

The supervisory role of Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports / compliance reports received on a periodical basis. The Compliance Officer has a direct reporting line to the Board of Directors of the Trustee Company. The Board Meeting of the Trustee Company shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the Regulations. The Trustee Company was incorporated on December 30, 2009. The Board Meeting of the Trustee Company has been held 6 times during the period April 1, 2012 till March 31, 2013 and twice during the period April 1, 2013 till the date of this SAI. The quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent director(s) as may be prescribed by SEBI from time to time are present at the meeting. Further the Audit Committee, constituted pursuant to SEBI Circular MFD / CIR No. 010 / 024 / 2000 dated January 17, 2000, chaired by an

independent director of the Trustee Company is, inter-alia, responsible for the following:

- Review of the periodic financial statements of the Trustee and Mutual Fund including audit observations
- Review of the internal audit systems and internal and statutory audit reports
- Recommendation of the appointment of auditors

Trustee Fees and Expenses

Subject to the Regulations, the Trustee Company shall during the term of the Mutual Fund, and whether or not the Mutual Fund shall be in course of administration by or under the order or direction of any competent court or regulatory authorities, be paid an annual fees out of the Mutual Fund as may be agreed between the Sponsors and the Trustee Company from time to time with a maximum of ₹ 10 lakhs annually for the initial five years. The aforesaid remuneration is in addition to all costs, charges and expenses incurred in or in connection with the administration and execution of the Mutual Fund. Subsequently, the maximum rate of remuneration may be reviewed and mutually decided by the Sponsors and Trustee Company from time to time.

Details of AMC Directors:

| Name | Age/Qualification(s) | Brief Experience |
|------------------------|---|--|
| Mr. D. Sarkar* | 59 years M.Com., F.C.A., CAIIB | Mr. D. Sarkar is the Chairman of the Board of Directors of Union KBC Asset Management Company Private Limited. He has taken over the charge as Chairman & Managing Director of Union Bank of India since April 1, 2012. Mr. Sarkar holds a Post Graduate degree in Commerce and is a qualified Fellow Chartered Accountant. In addition, he is also a Certified Associate of Indian Institute of Banking and Finance. Prior to this, Mr. Sarkar was associated with Allahabad Bank in the capacity of Executive Director since December 2009 to March 2012, wherein he was instrumental in bringing all the branches under CBS platform. He had taken initiative in introducing Risk Based Internal Audit in Allahabad Bank. Mr. Sarkar started his career in Bank of Baroda wherein he worked in various capacities in Branches, Regional office, Zonal Office and Corporate Office. He was in charge of Internal Audit department of Bank of Baroda's Mauritius Operation at Port Louis and also worked as in charge of Specialized Integrated Treasury Branch at Mumbai. Mr. Sarkar was also a Director on the Board of Central Securities Depository Ltd and Board of Bank of Baroda (Botswana) Ltd. He was a Trustee on Baroda Pioneer Asset Management Company Ltd and a member on Supervisory Board of India Advantage Fund Series sponsored by ICICI Venture Capital Management Company Ltd, Bangalore. |
| Mr. Suresh Kumar Jain* | 59 years B.SC (HONS), M.A. (Economics), Certified Associate of Indian Institute of Bankers (CAIIB), Diploma in Personal Management & Labour Welfare Diploma in French Language | Mr. Jain is currently the Executive Director of Union Bank of India, one of the leading public sector banks in India. Mr. Jain is a Gold Medalist in College and University with B.Sc (Hons) and M.A. (Economics). Mr. Jain has been a professional Banker for over 35 years, having worked in various capacities across the country, and abroad with specialization in Credit and Foreign Exchange. Prior to joining Union Bank of India, Mr. Jain was associated with Bank of India in various capacities, last position held being that of a General Manager. Mr. Jain is also a Trustee on the Board of Union Bank Social Foundation Trust. |
| Mr. Jurgen Verschaeve* | 40 years Master Degree in Mathematics, dept. Astrophysics Bachelor degree in Applied Economics Certified Financial Analyst (EFFAS programme, at ICHEC Brussels) | Mr. Verschaeve is currently the Chief Risk Officer and Executive Director of KBC Asset Management N.V. with responsibilities of leading the Risk and Legal Department. Mr. Verschaeve is also the permanent member of the Executive Committee, Audit, Risk & Compliance Committee and Board of Directors of KBC Asset Management N.V and KBC Group Risk Management Committee. Prior to being the Chief Risk Officer, Mr. Verschaeve has also been associated with KBC Asset Management N.V. in various capacities including being the Head of Portfolio Management and managing the Dealing Desk. Mr. Verschaeve has also been the recipient of various Fund Awards viz. Standard & Poor's Fund Award for Best Fund Equity Global - 1 year for IN.Flanders Index Fund for the year 2005 and 2007, Morningstar Fund Award, Best Fund in Category Equities Eurozone Large Cap for the year 2008. |

*Associate Director

D. Asset Management Company

Union KBC Asset Management Company Private Limited, is a company incorporated under the Companies Act, 1956 on December 30, 2009, having its Registered Office at 7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (West) Mumbai - 400013.

Union KBC Asset Management Company Private Limited has been appointed as the Asset Management Company of Union KBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated December 2, 2010, and executed between Union KBC Trustee Company Private Limited and Union KBC Asset Management Company Private Limited.

The Shareholding Pattern of the AMC is as follows:

| Name of the Shareholder | % of Paid up Equity Share Capital |
|--------------------------|-----------------------------------|
| Union Bank of India | 51 |
| KBC Participations Renta | 49 |

| Name | Age/Qualification(s) | Brief Experience |
|-------------------------|--|---|
| Mr. Sameer Chinchankar* | 42 years PGDM (Specialization in Finance & Marketing), IIM Lucknow, B.E. (Electronics), VJTI, University of Mumbai | Mr Sameer Chinchankar is currently the Chief Representative - India & South Asia for KBC Bank N.V. and is in charge of the Mumbai representative office with overall responsibilities to promote and handle the Financial Institution strategy in India and South Asia and to promote KBC Group's commercial and financial interests in the region and keep track of various economic, financial, political developments and to identify business opportunities in India & South Asia. He has more than 17 years of experience, mainly in the area of banking and financial services, predominantly covering various aspects within corporate banking, financial institutions, correspondent banking and international trade finance. He has handled varied roles in relationship management at senior levels as well as transactional management in banking and financial services. |
| Mr. S C. Gupta | 59 years B.Com, L.L.B., F.C.A. | Mr. Gupta, a practising Chartered Accountant, is a Senior Partner of M/s Suresh Chandra & Associates New Delhi, a Chartered Accountant's firm set up by him in February 1975. He has discharged duties as Government Nominee / Shareholder Director of Public Sector Banks / Undertakings including Canara Bank, UCO Bank, Power Finance Corporation Ltd, BOB Capital Markets Limited, PNB Asset Management Company Limited. He passed the C.A examination of the Institute of Chartered Accountants of India in November 1973 in the first attempt securing All India 13th Rank. He was associated with PNB Asset Management Company as an Independent Director from the year 1999 till 2005. He is currently a Director on the Boards of various companies. |
| Mr. Nani Javeri | 67 years BA History Hons. St Stephens College, Delhi | Mr. Javeri has an extensive experience of over 42 years in the Financial Services Industry i.e in the Banking & Insurance sector. He was the Chief Executive Officer (CEO) of Bank of Sohar (Muscat) from the year 2007 till 2010. Prior to which, he was the CEO of Birla Sunlife Insurance Company Limited from the year 2002 till 2007. He has also been associated with Oman International Bank, Times Bank Limited and Grindlays Bank Limited in various capacities. |
| Mr. Prakash Karnik | 60 years B.Tech in Chemical Engineering (IITM), Diploma in Systems Management, Diploma in Financial Management | Mr. Prakash Karnik was the Managing Director at IDFC Private Equity till June 2008. He worked with IDFC Private Equity, a 100% subsidiary and asset management company of IDFC for two and a half years and invested in a number of infrastructure companies on behalf of two Private Equity Funds of the size of US \$ 630 million. He is currently a founder director of a company viz. ORION Equity Advisors Pvt. Ltd. Mr. Prakash Karnik was a freelance advisor to Baring Private Equity Advisors India since May 2003. Mr. Karnik was a Director with Jardine Fleming India Securities Ltd and subsequently its group company Electra Partners Asia since March 1996 till May 2003 and also a Director with Capital International Asia CDPQ INC for one year till March 2003. He was in charge of Indian investments of Electra and along with his team developed the Indian portfolio. Mr. Karnik serves as a member on the listing advisory committee of the National Stock Exchange of India as well as an Independent Director on the board of Moser Baer India Limited. Mr. Karnik has contributed in the creation of the first venture capital fund in the year 1987 in India on behalf of UTI. He worked as the General Manager of the Unit Trust of India (UTI), where he worked for over 10 years till February 1996. He was responsible for setting up primary market division in UTI. Mr. Karnik has also been involved in the purchase of privatization assets from the Government of India from its very inception. Mr. Karnik has served as Director on various public and private companies in India. |
| Mr. Sandeep Parekh | 41 years LLM (Securities & Financial Regulations) degree from Georgetown University and an LLB degree from Delhi University | Mr. Sandeep Parekh is the founder of Finsec Law Advisors, a boutique financial law firm based in Mumbai. He worked as an Executive Director at the Securities & Exchange Board of India, where he headed the Legal Affairs and Enforcement Departments and has been a visiting associate faculty at the Indian Institute of Management, Ahmedabad. Previously, he has worked for a law firm in Delhi, Mumbai and before that for Wilmer, Cutler & Pickering, a law firm in Washington, D.C. Mr. Parekh focuses on securities regulations, investment regulations, private equity, corporate governance and financial regulations. |

*Associate Director

| Name | Age/Qualification(s) | Brief Experience |
|------|----------------------|---|
| | | <p>Mr. Parekh is admitted to practice law in New York and is a member of Mensa. He is a World Economic Forum "Young Global Leader". He has also published op-eds in the Financial Times and the Economic Times (where he writes a monthly column) and has been quoted in the WSJ, Economist, Bloomberg and CNBC. He has been invited to speak at Davos and various World Economic Forum meetings.</p> <p>Mr. Parekh has been a member of the Cabinet Secretariat task force for measuring performance in ministries of departments of the Government of India. He is a former chairman and member of various SEBI and RBI committees and sub-committees and is a member of Securities Committee of International Law Association, London. He has been recognized for exceptional standing in law by AsiaLaw, (Euromoney 2006,07,08), leading financial lawyer by IFLR (Euromoney 2006), leading financial lawyer (Legal 500, 2005) and listed as Who's Who of the world (Marquis 2006), International Professional of the Year 2007, IBC.</p> |

Duties and Obligations of the AMC

Under the SEBI (MF) Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and obligations:

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of SEBI Regulations and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall obtain, wherever required under SEBI Regulations, prior in-principle approval from the recognized stock exchange(s) where units of the Scheme(s) are proposed to be listed.
4. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
5. The AMC shall submit to the Trustee quarterly reports of each year on its activities and the compliance with SEBI Regulations.
6. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
7. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omissions, while holding such position or office.
8. The Chief Executive Officer (whatever his designation may be) of the AMC shall ensure that the Mutual Fund complies with all the provisions of SEBI Regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the Fund Managers are in the interest of the unitholders and shall also be responsible for the overall risk management function of the Mutual Fund.
9. The Fund Managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.
10. The AMC shall not through any broker associated with the Sponsors, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes. Provided that for the purpose of this Clause, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the Mutual Fund. The aforesaid limit of 5% shall apply for a block of any three months.
11. The AMC shall not purchase or sell securities through any broker other than a broker associated with the Sponsors, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months.
12. The AMC shall not utilise the services of the Sponsors or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. However, the AMC may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half-yearly and yearly results;
 - a. any underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issue of securities associate companies,
 - b. devolvement, if any,
 - c. subscription by the schemes in the issues lead managed by associate companies,
 - d. subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
13. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.
14. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
15. In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the Fund in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.
16. The AMC shall file with the Trustee and SEBI -
 - a. detailed bio-data of all its directors alongwith their interest in other companies within fifteen days of their appointment;
 - b. any change in the interests of directors every six months; and
 - c. a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsors or the AMC as the case may be, by the Mutual Fund during the said quarter.
17. Each director of the AMC shall file the details of his transactions of dealing in securities with the Trustee on a quarterly basis in accordance with guidelines issued by SEBI.
18. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
19. The AMC shall appoint registrars and share transfer agents who are registered with SEBI. Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
20. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule to SEBI Regulations.

21. The AMC shall -

- a. not act as a Trustee of any mutual fund;
- b. not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the mutual fund:

Provided that the AMC may itself or through its subsidiaries undertake such activities, as permitted under clause (b), if, -

- (i) it satisfies SEBI that bank and securities accounts are segregated activity wise;
- (ii) it meets with the capital adequacy requirements, if any, separately for each such activity and obtains separate approval, if necessary under the relevant regulations;
- (iii) it ensures that there is no material conflict of interest across different activities;
- (iv) the absence of conflict of interest shall be disclosed to the trustees and unit holders in scheme information document and statement of additional information;
- (v) there are unavoidable conflict of interest situations, it shall satisfy itself that disclosures are made of source of conflict, potential 'material risk or damage' to investor interests and detailed parameters for the same;
- (vi) it appoints separate fund manager for each separate fund managed by it unless the investment objectives and asset allocation are same and the portfolio is replicated across all the funds managed by the fund manager, within a period of six months from the date of notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011;
- (vii) it ensures fair treatment of investors across different products that shall include, but not limited to, simultaneous buy and sell in the same equity security only through market mechanism and a written trade order management system; and
- (viii) it ensures independence to key personnel handling the relevant conflict of interest is provided through removal of direct link between remuneration to relevant asset management company personnel and revenues generated by that activity:

Provided further that the AMC may, itself or through its subsidiaries, undertake portfolio management services and

advisory services for other than broad based fund till further directions, as may be specified by SEBI, subject to compliance with the following additional conditions:-

- (i) it satisfies SEBI that key personnel of the AMC, the system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities;
- (ii) it meets with the capital adequacy requirements, if any, separately for each of such activities and obtain separate approval, if necessary under the relevant regulations.

Explanation: - For the purpose of this regulation, the term 'broad based fund' shall mean the fund which has at least twenty investors and no single investor account for more than twenty five percent of corpus of the fund.

- c. not invest in any of its Schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID);

Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;

- d. not acquire any assets out of the Trust Fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.

22. The AMC shall keep and maintain proper books of account, records and documents, for each Scheme so as to explain its transactions and to disclose at any point of time the financial position of each Scheme and in particular give a true and fair view of the state of affairs of the Fund and intimate to SEBI the place where such books of account, records and documents are maintained. The AMC shall maintain and preserve for a period of ten years its books of account, records and documents.

23. The AMC shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India.

24. The AMC shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule of SEBI Regulations, and shall publish the same.

25. The AMC and the Sponsor shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.

26. The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by SEBI.

Information on Key Personnel:

| Name/ Designation | Age/Qualification(s) | Brief Experience |
|--|--|--|
| G. Pradeepkumar Chief Executive Officer | 47 years B. TECH, PGDM (IIM Ahmedabad) | G Pradeepkumar is the Chief Executive Officer (CEO) of Union KBC Asset Management Company Private Limited with an overall experience of more than 21 years in Investment Funds business in India and abroad. March 2010 till date with Union KBC Asset Management Company Private Limited as the Chief Executive Officer. December 2005 to March 2010 with IDFC Investment Advisors Limited as the Chief Marketing Officer. April 2004 to December 2005 with UTI Asset Management Company Private Limited as Senior Vice President with overall responsibilities for the Western Region Sales and International Sales. May 1997 to March 2004 with UTI International Limited as Director & CEO with responsibilities of the entire business. |
| Jos Hulsbosch Chief Operating Officer | 47 years Commercial Engineer, Master of Business Administration, with a master in finance and minor in Accounting and in International trade finance | Over 20 years of experience in Correspondent Banking, Trade Finance, Accounting & Asset Management. January 2010 till April 22, 2013 as Chief Risk Officer and from April 22, 2013 till date as Chief Operating Officer with Union KBC Asset Management Company Private Limited. May 2009 to December 2009 with KBC Asset Management N.V., Brussels, Belgium as Senior Business Development Manager - India Project with responsibilities of Negotiation and Formulation of Key Documentation for the certification of Union KBC AMC. September 2007 to March 2009 with KBC Asset Management N.V., Belgium - Italy as Business Development Manager. May 2002 to September 2007 with KBC Bank NV, Belgium as Relationship Manager responsible for International Corporate Finance. November 1998 to May 2002 with KBC Bank NV, Mexico as Representative Mexico with responsibilities of Correspondent Banking and Corporate Finance. |

Information on Key Personnel:

| Name/ Designation | Age/Qualification(s) | Brief Experience |
|--|--|--|
| Ashish Ranawade Chief Investment Officer | 42 years Bachelor of Engineering (Electronics) , Master of Management Studies (Finance) | Over 19 years of experience in Funds Management. July 2010 to date with Union KBC Asset Management Company Private Limited as the Chief Investment Officer (CIO). April 2006 to July 2010 with UTI Asset Management Company Limited as Head of PMS. September 2005 to April 2006 with ING Investment Management (India) Limited as Head of PMS. June 1994 to September 2005 with UTI Asset Management Company Limited in various capacities as Fund Manager, Analyst, Head of PMS. |
| Padmaja Shirke Head – Compliance, Legal & Risk Management | 37 years B.Com., CA, General L.L.B | Overall 13 years of experience in Management Consultancy and Mutual Fund Industry. May 2010 till April 22, 2013 as Head - Compliance and from April 22, 2013 till date as Head – Compliance, Legal & Risk Management with Union KBC Asset Management Company Private Limited. July 2008 to April 2010 with Edelweiss Asset Management Limited as Head - Compliance, Legal and Risk Management. March 2005 to July 2008 with ABN AMRO Asset Management (India) Private Limited as AVP - Compliance, Legal and Risk Management. November 1999 to March 2005 with Haribhakti & Co., Chartered Accountants. Last Position Held: Principal and worked as Team Leader for various management services assignments, primarily in the financial services sector (specialised in Mutual Fund assignments) |
| Mr. Sumit Srivastava Head - Distribution & Products | 38 years MBA (Finance & Marketing), CAIIB, PGDFA | Over 14 years of experience in the Financial Services Sector. He is on deputation from Union Bank of India. Since February 2005 with Union Bank of India in various capacities. Last Position Held: Assistant General Manager (AGM) |
| P. Jaideep Head - Retail Sales & Marketing | 46 years B.Sc, NISM, Certification in Derivatives, Certification in Marketing of Financial Services | Over 21 years of experience in the Mutual Fund Industry. May 2010 till May 24, 2013 as Head - Retail Sales and from May 24, 2013 till date as Head - Retail Sales and Marketing July 2008 to May 2010 with IDFC Asset Management Company Limited as Head - Alternate Channels. February 1991 to July 2008 with Unit Trust of India (later UTI AMC Ltd) as AVP - Sales & Marketing and Regional Head PSU Distribution. |
| Arunava Chowdhury Head - Institutional Sales | 36 years PGDBA, B.A. (HONS), AMFI | Over 11 years of experience in Sales & Marketing. July 2010 till date with Union KBC Asset Management Company Private Limited as the Head - Institutional Sales. June 2001 to July 2010 with UTI Asset Management Company Private Limited Last Position held: Head - Business Development with responsibilities of Sales and Marketing. |
| Parijat Agrawal Head - Fixed Income | 45 years B.E. (Electronics & Communications), PGDM (IIM - Bangalore) | Over 17 years of experience in Funds Management. September 2010 till date with Union KBC Asset Management Company Private Limited as Head - Fixed Income. October 2006 to July 2010 with SBI Mutual Fund as Head - Fixed Income. November 2004 to September 2006 with State Bank of Mauritius Limited with responsibilities of managing the entire Treasury functions of the Bank. December 1999 to May 2004 with SUN F&C Asset Management as Fund Manager responsible for Portfolio Management of Fixed Income and Hybrid Funds. |

| Name/ Designation | Age/Qualification(s) | Brief Experience |
|---|-----------------------------|---|
| Joseph Idichandy Head - Customer Service | 49 years M.Com (Finance) | <p>Over 21 years of experience in Customer Service.</p> <p>September 2010 till date with Union KBC Asset Management Company Private Limited as Head - Customer Service.</p> <p>November 2009 to August 2010 with Bigshare Services Pvt. Ltd as Executive Vice President responsible for evaluation of various Mutual Fund back office software and attending critical activities relating corporate R&T activities.</p> <p>February 2008 to October 2009 with Matrix Asset Management Company Pvt. Ltd as VP - Head Customer Service responsible for all activities relating to Investor / Distributor services.</p> <p>May 1997 to January 2008 with UTI Technology Services Limited as Senior Vice President with overall responsibilities of Monitoring the all India operation on Customer Service to SU-UTI & UTI Mutual Fund schemes.</p> |

Investment Team

In addition to Mr. Ashish Ranawade - Chief Investment Officer and Mr. Parijat Agarwal - Head Fixed Income, the Investment Team comprises of the following members:

| Name/ Designation | Age/Qualification(s) | Brief Experience |
|---|---|---|
| Mr. Devesh Thacker Fund Manager - Fixed Income | 36 years MBA (Finance), B.Com. | <p>Over 13 years experience in Fund Management & Banking Industry.</p> <p>November 2010 till date with Union KBC Asset Management Company Pvt. Ltd as the Fund Manager Fixed Income.</p> <p>June 2008 to November 2010 with Sahara Asset Management Co. Pvt. Ltd. as Fund Manager - Fixed Income.</p> <p>December 2004 to May 2008 with ICICI Bank Limited, Retail Operations and Branch Banking.</p> <p>October 2002 to December 2004 with Dolat Capital Markets Limited as a Dealer in Fixed Income, handling institutional client's deals and queries.</p> <p>January 2002 to September 2002 with Orbis Securities (India Bulls) Limited, as a Dealer in Fixed Income.</p> <p>October 1999 to January 2002 with ASK Financial Services Ltd (NSE Broking Firm), Equity and Derivative Dealer.</p> |
| Mr. Tarun Singh Dealer - Fixed Income | 36 years B.Sc. | <p>Over 18 years work experience including more than 6 years experience as dealer in Fixed Income Securities.</p> <p>October 2010 till date with Union KBC Asset Management Company Pvt. Ltd as Dealer-Fixed Income.</p> <p>April 2008 to October 2010 with SBI Funds Management Pvt. Ltd. as Fixed Income - Dealer.</p> <p>August 2002 to March 2008 with Prebon Yamane India Ltd. as Fixed Income - Dealer. Further, he was also involved in Back Office Operations, Compliance matters and audits.</p> <p>July 2000 to June 2002 with Enron India Pvt. Ltd. as Accounts Executive responsible for disbursements.</p> |
| Mr. Lovelish Solanki Dealer - Equity | 27 years Masters in Management Studies (MMS) | <p>Over 5 years experience as a Dealer in Equity securities and Derivatives.</p> <p>February 2011 till date with Union KBC Asset Management Company Pvt. Ltd. as Dealer - Equity.</p> <p>June 2009 to January 2011 with Edelweiss Asset Management Limited as Dealer - Derivatives.</p> <p>January 2008 to June 2009 with Edelweiss Capital Ltd. as Trader - Equity and Derivatives.</p> |

All Key Personnel of the AMC are based at the registered office of the AMC.

Research Team:

| Name/ Designation | Brief Experience |
|---|---|
| Mr. Rajesh Malhani Senior Research Analyst | Over 15 years of experience, out of which over 10 years in Investments. Started his career as an Analyst in 2001 in a broking house and moved as an Analyst to Mirae Asset Global Investments (India) Pvt. Ltd. in 2007. He has tracked multiple sectors in Financials, Infrastructure, Commodities, Consumer and Technology space. His last assignment was as Fund Manager - Offshore Advisory at Mirae Asset Global Investments (India) Pvt. Ltd. |
| Mr. Chandrasekhar Sridhar Research Analyst | Over 6 years of experience in the equities business on the sell side. Started his career at Goldman Sachs Services Pvt. Ltd. tracking US Smallcap equities for a year. He moved to ENAM Securities Pvt. Ltd. where he mainly tracked pharmaceutical stocks along with stints tracking Telecom, Real Estate and Media companies. |
| Mr. Arpan Ranka Credit Analyst | A post graduate with over 8 years of experience in the financial services sector. He has previously worked with Crisil Ltd., JP Morgan Services Pvt. Ltd. and Citigroup Global Services. His previous assignment was in credit rating, where he has worked on agriculture, oil and gas and chemical sectors and was also involved with the rating assignment and rating surveillance. |
| Mr. Ravi Baid Junior Research Analyst | Has over 5 years of experience as an equity research analyst before joining Union KBC AMC, all of which was with Sahara Asset Management Co. Pvt. Ltd. He has tracked FMCG, Retail, Media, Chemical and Fertilizers, Transportation and Logistics. |

Procedure and Recording of Investment Decisions:

All investment decisions, relating to the schemes, shall be undertaken by the AMC in accordance with the Regulations, the investment objectives of the respective Scheme(s) and the Investment Manual of the AMC. The Fund may additionally observe such internal guidelines as may be prescribed by the Boards of the AMC / Trustee Company or any internal committee. All investment decisions shall be recorded in terms of SEBI Circular No. MFD / CIR / 6 / 73 / 2000 dated July 27, 2000 as amended from time to time.

The Board of Directors of the AMC has appointed an Investment Committee of the AMC. The primary function of the Investment Committee shall, inter-alia, be to formulate and review the investment policy for the various schemes of the Mutual Fund and to review the portfolio and performance of the Schemes periodically.

The performance of each scheme shall be monitored by the Boards of AMC and Trustee Company on a periodic basis vis-à-vis the respective benchmark index as mentioned in the respective SIDs.

The Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

E. Service providers
Custodian

Citibank N.A.

First International Financial Centre (FIFC),

11th Floor, Plot Nos. C 54 and C55,

G Block, Bandra Kurla Complex,

Bandra East, Mumbai 400051

SEBI Registration Number: IN/CUS/004.

The Custodian will keep in safe custody all the securities and other instruments belonging to the Fund, ensure smooth inflow/outflow of securities and such other instruments as and when necessary in the best interest of the Unitholders, and ensure that the benefits due to the holdings are recovered. The Custodians will charge the Fund a fee as per the respective Custodial Agreement as amended from time to time.

The AMC & the Trustee reserves the right to change the Custodian at their discretion.

Registrar & Transfer agent

Computer Age Management Services Private Limited (CAMS)

New No. 10, Old No. 178, M.G.R. Salai,

Nungambakkam, Chennai - 600034

SEBI Registration Number: INR000002813.

The Board of the Trustee Company and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching Statement of Accounts / Unit Certificates to unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

The AMC also obtains services from CAMS for electronic connectivity in case of Schemes of Union KBC Mutual Fund listed on the recognised exchange(s) or available on online platform of BSE and/or NSE.

Statutory Auditor for the Mutual Fund

S. R. Batliboi & Co. LLP,

Chartered Accountants

The Ruby, 14th Floor,

29, Senapati Bapat Marg,

Dadar (West),

Mumbai - 400028, India

Legal counsel

Nishith Desai Associates

93 B, Mittal Court, Nariman Point

Mumbai - 400 021.

Based on the matter involved, the AMC reserves the right to appoint appropriate legal counsel.

Fund Accountant

Citibank N.A.

First International Financial Centre (FIFC),

11th Floor, Plot Nos. C 54 and C55,

G Block, Bandra Kurla Complex,

Bandra East, Mumbai 400051

Collecting Bankers

The Collecting Bankers for the Scheme(s) shall be mentioned in the SID of the respective Scheme(s). Applications for NFO of a Scheme will be accepted at the Official Points of Acceptance including such Collecting Bankers as will be specified in the SID of such Scheme.

Union KBC Mutual Fund has appointed the following Banks, to act as Collecting Bankers (all or any of the following Banks) for accepting application forms for Scheme(s) of Union KBC Mutual Fund during the NFO Period.

1. Union Bank of India

Union Bank Bhavan, Ground Floor,
239, Vidhan Bhavan Marg,
Nariman Point, Mumbai 400 021
SEBI Registration Number: INB100000006

2. HDFC Bank Limited

HDFC Bank House,
Senapati Bapat Marg,
Lower Parel, Mumbai 400 013
SEBI Registration Number: INB100000063

The above list is indicative and not exhaustive. The AMC reserves the right to change/modify the list of Collecting Bankers.

In addition to the above all the applicants can participate in the New Fund Offer through the ASBA process. ASBA applicants should note that the ASBA process involves application procedures that are different from the procedure applicable to applicants other than the ASBA applicants. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Notwithstanding any of the above conditions, any application may be accepted or rejected at the sole and absolute discretion of the AMC/Trustee.

F. Condensed Financial Information (CFI):

The first scheme of Union KBC Mutual Fund was launched in the financial year 2011-12. The Mutual Fund launched ten schemes (excluding redeemed schemes) during the financial years 2011-12 and 2012-13. The Condensed Financial Information of these schemes is as follows:

Historical Per Unit Statistics

| Sr No | Scheme Name | Union KBC Capital Protection Oriented Fund Series - 1 ^ | Union KBC Capital Protection Oriented Fund Series - 2 ^ | Union KBC Fixed Maturity Plan - Series 6 ^ | Union KBC Equity Fund ^^ | | Union KBC Liquid Fund ^^ | | |
|--------------------------------|--|---|---|--|--------------------------|-----------|--------------------------|------------|------------|
| | | 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 | |
| Financial Year | | 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 | |
| Allotment Date | | 25-Sep-12 | 11-Feb-13 | 26-Mar-13 | 10-Jun-11 | | 15-Jun-11 | | |
| 1 | NAV at the beginning of the year (in ₹) | | | | | | | | |
| | Growth Option | - | - | - | 9.65 | - | 1,074.4189 | - | |
| | Direct Plan - Growth Option | - | - | - | - | - | - | - | |
| | Dividend Option | - | - | - | 9.65 | - | - | - | |
| | Daily Dividend Frequency | - | - | - | - | - | 1,000.4938 | - | |
| | Weekly Dividend Frequency | - | - | - | - | - | 1,001.3953 | - | |
| | Fortnightly Dividend Frequency | - | - | - | - | - | 1,001.3952 | - | |
| | Monthly Dividend Frequency | - | - | - | - | - | 1,001.3953 | - | |
| | Direct Plan - Dividend Option | - | - | - | - | - | - | - | |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | - | - | - | |
| 2 | Dividends * (net dividend per unit)(in ₹) | | | | | | | | |
| | Individual & HUF | | | | | | | | |
| | Dividend Option | - | - | - | - | - | - | - | |
| | Daily Dividend Frequency | - | - | - | - | - | - | - | |
| | Weekly Dividend Frequency | - | - | - | - | - | - | - | |
| | Fortnightly Dividend Frequency | - | - | - | - | - | - | - | |
| | Monthly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Dividend Option | - | - | - | - | - | - | - | |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | - | - | - | |
| | Others | | | | | | | | |
| | Dividend Option | - | - | - | - | - | - | - | |
| | Daily Dividend Frequency | - | - | - | - | - | - | - | |
| | Weekly Dividend Frequency | - | - | - | - | - | - | - | |
| | Fortnightly Dividend Frequency | - | - | - | - | - | - | - | |
| | Monthly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Dividend Option | - | - | - | - | - | - | - | |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | - | - | - | |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | - | - | - | |
| | 3 | NAV at the end of the year (in ₹) | | | | | | | |
| | | Growth Option | 9.9899 | 10.1458 | 10.0080 | 10.47 | 9.65 | 1,175.0907 | 1,074.4189 |
| | | Direct Plan - Growth Option | - | 10.1561 | 10.0080 | 10.48 | - | 1,175.1390 | - |
| | | Dividend Option | 9.9899 | 10.1458 | - | 10.47 | 9.65 | - | - |
| Daily Dividend Frequency | | - | - | - | - | - | 1,001.4626 | 1,000.4938 | |
| Weekly Dividend Frequency | | - | - | - | - | - | 1,001.7748 | 1,001.3953 | |
| Fortnightly Dividend Frequency | | - | - | - | - | - | 1,001.7751 | 1,001.3952 | |
| Monthly Dividend Frequency | | - | - | - | - | - | 1,001.7749 | 1,001.3953 | |
| Direct Plan - Dividend Option | - | - | - | 10.48 | - | - | - | | |

Historical Per Unit Statistics

| Sr No | Scheme Name | Union KBC Capital Protection Oriented Fund Series - 1 ^ | Union KBC Capital Protection Oriented Fund Series - 2 ^ | Union KBC Fixed Maturity Plan - Series 6 ^ | Union KBC Equity Fund ^^ | | Union KBC Liquid Fund ^^ | |
|----------|--|---|---|--|--------------------------|-----------|---------------------------------|-----------|
| | | 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 |
| | Financial Year | 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 |
| | Allotment Date | 25-Sep-12 | 11-Feb-13 | 26-Mar-13 | 10-Jun-11 | | 15-Jun-11 | |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | - | 1,001.4643 | - |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | - | 1,004.0153 | - |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | - | 1,001.8167 | - |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | - | 1,001.7747 | - |
| 4 | Scheme Returns since launch ** | | | | | | | |
| | Regular Plan Growth ^^^ | (0.07)% | 1.46% | 0.08% | 2.57% | (3.50)% | 9.39% | 7.44% |
| | Direct Plan Growth ^^^^ | - | 1.56% | 0.08% | (3.76)% | - | 2.12% | - |
| 5 | Net Assets end of Period (₹ In Crs) | 83.02 | 55.38 | 40.09 | 133.97 | 172.65 | 968.57 | 832.18 |
| 6 | Benchmark Returns | | | | | | | |
| | Regular Plan - Growth | 3.70% | 0.04% | 0.04% | 1.16% | (4.43)% | 8.33% | 6.75% |
| | Direct Plan - Growth | - | 0.04% | 0.04% | (5.81)% | - | 1.89% | - |
| 7 | Benchmark Index | CRISIL MIP Blended Fund Index | CRISIL MIP Blended Fund Index | CRISIL Short Term Bond Fund Index | S&P BSE 100 | | CRISIL Liquid Fund Index | |
| 8 | Ratio of Recurring Expenses to Net Assets | | | | | | | |
| | Total | 2.26% | 2.45% | 0.03% | 2.56% | 2.40% | 0.13% | 0.17% |
| | Regular Plan | 2.26% | 2.45% | 0.03% | 2.57% | 2.40% | 0.14% | 0.17% |
| | Direct Plan | - | 1.70% | 0.03% | 2.06% | N.A. | 0.08% | N.A. |

Notes :

NAVs of the Growth Options of the respective plans of the Scheme have been used to calculate the Returns.

Regular Plan refers to Regular Plan and Plan other than Direct Plan, as applicable under the scheme.

^ The units under the Schemes were allotted during the current year hence there are no NAVs per unit at the beginning of the current year.

^^ The units under the Schemes were allotted during the previous year hence there are no NAVs per unit at the beginning of the previous year.

* Excluding dividend details of Union KBC Liquid Fund.

^^^ Annulised returns for the schemes Union KBC Equity Fund, Union KBC Liquid Fund, Union KBC Tax Saver Scheme and Union KBC Dynamic Bond Fund for the current year. Absolute returns for the schemes Union KBC Ultra Short Term Debt Fund, Union KBC Asset Allocation Fund- Moderate plan, Union KBC Asset Allocation Fund- Conservative plan, Union KBC Capital Protection Oriented Fund Series - 1, Union KBC Capital Protection Oriented Fund Series - 2 and Union KBC Fixed Maturity Plan - Series 6 for the current year and Union KBC Equity Fund, Union KBC Liquid Fund, Union KBC Tax Saver Scheme and Union KBC Dynamic Bond Fund for the previous year.

^^^ All returns are absolute

** **PAST PERFORMANCE MAY OR MAY NOT BE SUSTAINED IN THE FUTURE.** Performance of the Dividend Option for the investor would be net of dividend distribution tax, as applicable. Pursuant to payment of dividend, the NAV of the Dividend Option falls to the extent of dividend payout and statutory levy (if applicable). Hence, in order to calculate total returns, the above returns are computed based on the NAV of only the Growth Option, since there are no dividend payouts thereunder. The returns provided are Absolute Returns where the Schemes have been in existence for less than one year and Compounded annualised where the Schemes have been in existence for more than one year.

Historical Per Unit Statistics

| Sr No | Scheme Name | Union KBC Tax Saver Scheme ^ ^ | | Union KBC Dynamic Bond Fund ^ ^ | | Union KBC Ultra Short Term Debt Fund ^ | Union KBC Asset Allocation Fund-Moderate Plan ^ | Union KBC Asset Allocation Fund-Conservative Plan ^ |
|--|--|--|-----------|---------------------------------|-----------|--|---|---|
| | | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 | 2012-2013 | 2012-2013 | 2012-2013 |
| Financial Year | | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 | 2012-2013 | 2012-2013 | 2012-2013 |
| Allotment Date | | 23-Dec-11 | | 13-Feb-12 | | 24-Apr-12 | 25-Jun-12 | 24-Dec-12 |
| 1 | NAV at the beginning of the year (in ₹) | | | | | | | |
| | Growth Option | 11.21 | - | 10.0742 | - | - | - | - |
| | Direct Plan - Growth Option | - | - | - | - | - | - | - |
| | Dividend Option | 11.21 | - | 10.0745 | - | - | - | - |
| | Daily Dividend Frequency | - | - | - | - | - | - | - |
| | Weekly Dividend Frequency | - | - | - | - | - | - | - |
| | Fortnightly Dividend Frequency | - | - | - | - | - | - | - |
| | Monthly Dividend Frequency | - | - | - | - | - | - | - |
| | Direct Plan - Dividend Option | - | - | - | - | - | - | - |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | - | - | - |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | - | - | - |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | - | - | - |
| Direct Plan - Monthly Dividend Frequency | - | - | - | - | - | - | - | |
| 2 | Dividends * (net dividend per unit)(in ₹) | | | | | | | |
| | Individual & HUF | | | | | | | |
| | Dividend Option | 1.000000 | - | - | - | - | - | - |
| | Daily Dividend Frequency | - | - | - | - | 72.601935 | - | - |
| | Weekly Dividend Frequency | - | - | - | - | 68.035363 | - | - |
| | Fortnightly Dividend Frequency | - | - | - | - | 67.998662 | - | - |
| | Monthly Dividend Frequency | - | - | - | - | 52.517650 | - | - |
| | Direct Plan - Dividend Option | - | - | - | - | - | - | - |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | 17.895966 | - | - |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | 15.695958 | - | - |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | 15.774630 | - | - |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | 6.085072 | - | - |
| | Others | | | | | | | |
| | Dividend Option | 1.000000 | - | - | - | - | - | - |
| | Daily Dividend Frequency | - | - | - | - | 62.216818 | - | - |
| | Weekly Dividend Frequency | - | - | - | - | 58.313177 | - | - |
| | Fortnightly Dividend Frequency | - | - | - | - | 58.281726 | - | - |
| | Monthly Dividend Frequency | - | - | - | - | 45.012934 | - | - |
| | Direct Plan - Dividend Option | - | - | - | - | - | - | - |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | 15.328401 | - | - |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | 13.453021 | - | - |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | 13.520451 | - | - |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | 5.215522 | - | - |
| | 3 | NAV at the end of the year (in Rs.) | | | | | | |
| Growth Option | | 12.77 | 11.21 | 10.9954 | 10.0742 | 1,085.9741 | 10.6022 | 9.9240 |
| Direct Plan - Growth Option | | 12.78 | - | 11.0266 | - | 1,086.0278 | 10.6177 | 9.9516 |
| Dividend Option | | 11.79 | 11.21 | 10.9954 | 10.0745 | - | 10.6022 | 9.9240 |
| Daily Dividend Frequency | | - | - | - | - | 1,002.8729 | - | - |
| Weekly Dividend Frequency | | - | - | - | - | 1,005.7052 | - | - |
| Fortnightly Dividend Frequency | | - | - | - | - | 1,005.1860 | - | - |
| Monthly Dividend Frequency | | - | - | - | - | 1,023.6157 | - | - |
| Direct Plan - Dividend Option | 12.78 | - | 11.0266 | - | - | 10.6177 | 9.9516 | |

Historical Per Unit Statistics

| Sr No | Scheme Name | Union KBC Tax Saver Scheme ^ ^ | | Union KBC Dynamic Bond Fund ^ ^ | | Union KBC Ultra Short Term Debt Fund ^ | Union KBC Asset Allocation Fund-Moderate Plan ^ | Union KBC Asset Allocation Fund-Conservative Plan ^ |
|----------|--|--------------------------------|-----------|---|-----------|--|---|---|
| | | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 | 2012-2013 | 2012-2013 | 2012-2013 |
| | Financial Year | 2012-2013 | 2011-2012 | 2012-2013 | 2011-2012 | 2012-2013 | 2012-2013 | 2012-2013 |
| | Allotment Date | 23-Dec-11 | | 13-Feb-12 | | 24-Apr-12 | 25-Jun-12 | 24-Dec-12 |
| | Direct Plan - Daily Dividend Frequency | - | - | - | - | 1,002.5173 | - | - |
| | Direct Plan - Weekly Dividend Frequency | - | - | - | - | 1,005.7193 | - | - |
| | Direct Plan - Fortnightly Dividend Frequency | - | - | - | - | 1,005.3041 | - | - |
| | Direct Plan - Monthly Dividend Frequency | - | - | - | - | 1,005.7516 | - | - |
| 4 | Scheme Returns since launch ** | | | | | | | |
| | Regular Plan Growth ^ ^ ^ | 21.16% | 12.10% | 8.75% | 0.75% | 8.60% | 6.02% | (0.76)% |
| | Direct Plan Growth ^ ^ ^ ^ | -2.67% | - | 1.83% | - | 1.90% | (0.82)% | (0.74)% |
| 5 | Net Assets end of Period (₹ In Crs) | 48.46 | 38.44 | 77.04 | 68.52 | 156.12 | 46.10 | 57.09 |
| 6 | Benchmark Returns | | | | | | | |
| | Regular Plan - Growth | 16.30% | 13.45% | 8.72% | 0.62% | 8.24% | 7.37% | 0.77% |
| | Direct Plan - Growth | (5.81)% | - | 1.80% | - | 1.92% | (0.71)% | 0.14% |
| 7 | Benchmark Index | S&P BSE 100 | | CRISIL Composite Bond Fund Index | | CRISIL Short Term Bond Fund Index | 30% CNX Nifty (+) 55% CRISIL Composite Bond Fund Index (+) 15% CRISIL Gold Index ~ | 20% CNX Nifty (+) 70% CRISIL Composite Bond Fund Index (+) 10% CRISIL Gold Index ~ |
| 8 | Ratio of Recurring Expenses to Net Assets | | | | | | | |
| | Total | 2.73% | 2.50% | 1.80% | 1.74% | 0.21% | 2.31% | 2.31% |
| | Regular Plan | 2.73% | 2.50% | 1.85% | 1.74% | 0.21% | 2.31% | 2.31% |
| | Direct Plan | 2.35% | N.A. | 0.95% | N.A. | 0.21% | 1.22% | 1.02% |

Notes :

NAVs of the Growth Options of the respective plans of the Scheme have been used to calculate the Returns.

Regular Plan refers to Regular Plan and Plan other than Direct Plan, as applicable under the scheme.

^ The units under the Schemes were allotted during the current year hence there are no NAVs per unit at the beginning of the current year.

^^ The units under the Schemes were allotted during the previous year hence there are no NAVs per unit at the beginning of the previous year.

* Excluding dividend details of Union KBC Liquid Fund.

^^^ Annulised returns for the schemes Union KBC Equity Fund, Union KBC Liquid Fund, Union KBC Tax Saver Scheme and Union KBC Dynamic Bond Fund for the current year. Absolute returns for the schemes Union KBC Ultra Short Term Debt Fund, Union KBC Asset Allocation Fund- Moderate plan, Union KBC Asset Allocation Fund- Conservative plan, Union KBC Capital Protection Oriented Fund Series - 1, Union KBC Capital Protection Oriented Fund Series - 2 and Union KBC Fixed Maturity Plan - Series 6 for the current year and Union KBC Equity Fund, Union KBC Liquid Fund, Union KBC Tax Saver Scheme and Union KBC Dynamic Bond Fund for the previous year.

^^^^ All returns are absolute

** **PAST PERFORMANCE MAY OR MAY NOT BE SUSTAINED IN THE FUTURE.** Performance of the Dividend Option for the investor would be net of dividend distribution tax, as applicable. Pursuant to payment of dividend, the NAV of the Dividend Option falls to the extent of dividend payout and statutory levy (if applicable). Hence, in order to calculate total returns, the above returns are computed based on the NAV of only the Growth Option, since there are no dividend payouts thereunder. The returns provided are Absolute Returns where the Schemes have been in existence for less than one year and Compounded annualised where the Schemes have been in existence for more than one year.

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Disclosure of Performance of Schemes pursuant to SEBI Circular Cir/IMD/DF/13/2011 dated August 22, 2011:

Following is the performance of the schemes which have been in existence for more than one year but less than three years. Since the other Schemes of Union KBC Mutual Fund have been in existence for less than one year as on March 31, 2013 (i.e. the last day of the calendar quarter preceding the date of this SAI), past performance of such schemes has not been provided.

Scheme Performance as on March 31, 2013
Fund Manager: Ashish Ranawade

| Period [@] | Union KBC Equity Fund (Growth) | | Scheme Benchmark (S&P BSE 100 Index) | | Additional Benchmark [§] (S&P BSE Sensex) | |
|---------------------------------------|--------------------------------|---------------|--------------------------------------|---------------|--|---------------|
| | Returns | Value (INR) ^ | Returns | Value (INR) ^ | Returns | Value (INR) ^ |
| Mar 31, 2012 - Mar 31, 2013** | 8.50% | 10,850 | 6.84% | 10,684 | 8.23% | 10,823 |
| Since Inception (Jun 10, 2011) (CAGR) | 2.58% | 10,470 | 1.16% | 10,210 | 1.71% | 10,310 |

Fund Manager: Ashish Ranawade

| Period [@] | Union KBC Tax Saver Scheme (Growth) | | Scheme Benchmark (S&P BSE 100 Index) | | Additional Benchmark [§] (S&P BSE Sensex) | |
|---------------------------------------|-------------------------------------|---------------|--------------------------------------|---------------|--|---------------|
| | Returns | Value (INR) ^ | Returns | Value (INR) ^ | Returns | Value (INR) ^ |
| Mar 31, 2012 - Mar 31, 2013** | 13.92% | 11,392 | 6.84% | 10,684 | 8.23% | 10,823 |
| Since Inception (Dec 23, 2011) (CAGR) | 21.36% | 12,770 | 16.45% | 12,121 | 15.28% | 11,968 |

Fund Manager: Devesh Thacker

| Period [@] | Union KBC Liquid Fund (Growth) | | Scheme Benchmark (CRISIL Liquid Fund Index) | | Additional Benchmark [§] (CRISIL 1 Year T-Bill Index) | |
|---------------------------------------|--------------------------------|---------------|---|---------------|--|---------------|
| | Returns | Value (INR) ^ | Returns | Value (INR) ^ | Returns | Value (INR) ^ |
| Last 7 days~ | 8.73% | 10,016 | 7.87% | 10,015 | 10.54% | 10,019 |
| Last 15 days~ | 8.68% | 10,034 | 8.10% | 10,032 | 11.55% | 10,045 |
| Last 30 days~ | 8.56% | 10,068 | 8.24% | 10,065 | 9.18% | 10,072 |
| Mar 31, 2012 - Mar 31, 2013** | 9.32% | 10,932 | 8.17% | 10,817 | 8.33% | 10,833 |
| Since Inception (Jun 15, 2011) (CAGR) | 9.40% | 11,741 | 8.39% | 11,547 | 7.98% | 11,470 |

Fund Manager: Parijat Agrawal

| Period [@] | Union KBC Dynamic Bond Fund (Growth) | | Scheme Benchmark (CRISIL Composite Bond Fund Index) | | Additional Benchmark [§] (CRISIL 10 Year Gilt Index) | |
|---------------------------------------|--------------------------------------|---------------|---|---------------|---|---------------|
| | Returns | Value (INR) ^ | Returns | Value (INR) ^ | Returns | Value (INR) ^ |
| Mar 31, 2012 - Mar 31, 2013** | 9.12% | 10,912 | 9.24% | 10,924 | 11.32% | 11,132 |
| Since Inception (Feb 13, 2012) (CAGR) | 8.79% | 10,990 | 8.81% | 10,992 | 8.80% | 10,991 |

PAST PERFORMANCE MAY OR MAY NOT BE SUSTAINED IN FUTURE.

Returns shown above are for Growth Options only. Since Direct Plan which was introduced since January 1, 2013 has been in existence for less than 1 year as on March 31, 2013, returns for the Direct Plan – Growth Option have not been provided.

Returns for more than 1 year period are Compounded Annualised (CAGR).

Performance of the Dividend Option for the investor would be net of the dividend distribution tax, as applicable.

**Absolute Returns

~ Annualised Returns

^ Based on standard investment of ₹10,000 made at the beginning of the relevant period.

§Standard Benchmark prescribed by SEBI vide circular dated August 22, 2011.

@In case, the start date or the end date of the concerned period is a non-business day, the NAV of the previous business day is considered for computation of returns.

Mr Ashish Ranawade is also the Co-fund Manager of Union KBC Asset Allocation Fund - Moderate Plan and Conservative Plan and Fund Manager for the equity portion of Union KBC Capital Protection Oriented Fund - Series 1 and Series 2. Since these Schemes have been in existence for less than one year as on March 31, 2013, past performance of these schemes has not been provided.

Mr Devesh Thacker is also the Fund Manager for Union KBC Ultra Short Term Debt Fund, Union KBC Fixed Maturity Plan - Series 6 and Union KBC Fixed Maturity Plan - Series 7. Since these Schemes have been in existence for less than one year as on March 31, 2013, past performance of these schemes has not been provided.

Mr Parijat Agrawal is also the Co-fund Manager of Union KBC Asset Allocation Fund - Moderate Plan and Conservative Plan and Fund Manager for the Debt portion of Union KBC Capital Protection Oriented Fund - Series 1 and Series 2. Since these Schemes have been in existence for less than one year as on March 31, 2013, past performance of these schemes has not been provided.

II. HOW TO APPLY?

This section should be read in conjunction with the section 'Units and Offer' of the respective SIDs.

Investors can subscribe for units of open-ended scheme(s) launched by the Fund from time to time, during the New Fund Offer (NFO) Period and/or Continuous Offer Period.

For close-ended scheme(s) launched by the Fund from time to time, investors can subscribe for the units only during the NFO period. However, the units of all close-ended schemes will be listed on a recognized stock exchange. Unit holders holding the units in physical form (by way of an account statement) will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the Fund on the maturity of the Scheme. However the units held in dematerialized form can be traded on the Stock Exchange.

The application forms (forming part of the Key Information Memorandum (KIM)) or common transaction forms for the purchase of units of the Scheme(s) will be available and accepted at all the Official Points of Acceptance namely the Collecting Bank Branches (during the NFO period), AMC Branches, Registrar's CSCs, Distributors (with which the Fund and RTA would have an arrangement from time to time) through 'Fund Net/ eNFO, Fund's Distributors/Channel Distributors and AMFI Certified Stock Exchange Brokers / Clearing Members (as and when the facility to purchase / redeem units of the Scheme(s) through Stock Exchange Mechanism is provided by the AMC) , during their business hours on their respective business days or any other source as may be decided by the AMC from time to time. (Addresses of Official Points of Acceptance and CSCs are given on the last page of the SID/KIM of the Schemes).

Application forms (forming part of the KIM) are also available on our website at www.unionkbc.com. Investors are advised to use the prescribed Application Form/ SIP debit form & SIP/SWP/STP form provided in the KIM, and other standard forms available at the CSCs or the website of the Fund (www.unionkbc.com), for any financial / non-financial transactions.

The duly completed Application Form along with the payment instrument and requisite documents may be submitted at any of the Official Points of Acceptance of the Mutual Fund.

The Official Points of Acceptance will time stamp and return the acknowledgement slip in the application form to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be issued. Investors are requested to retain the acknowledgement slip initialled/ stamped by the Official Points of Acceptance.

During the NFO period, investors can also subscribe to the units of the scheme(s) through the ASBA process, explained in detail under the section 'Additional mode of payment through Applications Supported by Blocked Amount ("ASBA")'.

For investors convenience, the Mutual Fund also provides additional facilities for transaction in units, explained below in detail under the heading 'Additional facilities' in this section.

Further, facility to transact in the units of the Scheme(s) through Stock Exchange Mechanism (explained in detail under the section 'Facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism') will be provided to the Investors at a later date which will be notified.

While applying for purchase of units in the Scheme(s), Investors should note the following:

1. All subscription cheques / drafts / other payment instruments (Pay Order, banker's cheque etc) must be drawn in favour of the Scheme in which the investor proposes to invest and should be crossed "Account Payee only".
2. Each application must be accompanied by a separate cheque or Demand Draft or such other payment instruments or / electronic transfer of funds by way of direct credit / RTGS / NEFT. Further, for investments under different Schemes/Plans/Options, separate

cheques/DDs/other payment instruments should be attached. Single cheque of a consolidated amount for more than one application/ Scheme/Plan/Option or multiple cheques/drafts for investment in a particular Scheme/Plan/Option will not be accepted.

3. Multiple cheques with single application, outstation cheques , cash, money orders, postal orders, payments by stock invests or post dated cheques (post dated cheques for investments under SIP will be accepted) or Third Party Payment Instruments (except in certain cases; explained elsewhere in this document), are not permitted.
4. The Cheque/DD should be payable locally at the centre where the Application is submitted. The Cheque / DD should be drawn on any Bank which is situated at and is a member / sub-member of the Bankers' Clearing House, located at the place where the application is submitted. Cheques / DDs drawn on a Bank not participating in the Clearing House will not be accepted.
5. Applicants need to specify the 'mode of holding' in the Application Form as given below:
 - a. In case of sole applicant, the mode of holding should be specified as "Single"
 - b. In case of two or more applicants (maximum permitted being three applicants), the mode of holding should be specified as "Joint" or "Anyone or Survivor"
 - c. In case of account/ folio opened on behalf of a minor, the minor shall be the first and the sole holder in the account/folio. There shall not be any joint accounts with minor as the first or joint holder.

If mode of holding is specified as "Joint", all transactions / instructions will have to be signed by all the joint unit holders, while for mode of holding specified as "Anyone or Survivor", all transactions / instructions may be signed by any one of the unitholders. However, in all such cases, the dividend / redemption proceeds will be paid to the first named applicant / unitholder (as determined by the records of the RTA). Further, the first named unitholder shall receive the account statements, all notices and correspondences with respect to the folio, or dividends or other distributions and also have the voting rights, as permitted, associated with such units.

Service of a notice on or delivery of a document to any one of several joint Unit holders shall be deemed effective service on or delivery to the other joint Unit holders. Any notice or document so sent by post to or left at the address of a Unit holder appearing in the Register shall notwithstanding that such Unit holder be then dead or bankrupt and whether or not the Trustee or the AMC has notice of such death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under the Unit holder) in the Units concerned.

Investors are advised to go through the sections titled 'Transfer and Transmission of Units' and 'Nomination Facility' before selecting the relevant box pertaining to the mode of holding in the Application Form.

If the mode of holding is not specified by the Investors in the Application Form or is unclear, it will be treated as "Joint", where there are two or more applicants.

6. Investors should provide the details /fill the form only in the space/ boxes provided in the relevant forms. Any details/ information/ instruction provided at a non-designated area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC.
7. It is expressly understood that at the time of investment, the investor/ unitholder has the express authority to invest in units of the Scheme and the AMC / Trustee / Mutual Fund will not be responsible if such investment is ultravires the relevant constitution. Subject to the

Regulations, the AMC/ Trustee may reject any application received in case the application is found invalid/ incomplete or for any other reason in the AMC's/ Trustee's sole discretion.

8. Dishonoured cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected.
9. The Trustee, reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by the investor for purchase of Units of this Scheme.
10. For subscription in the Scheme, it is mandatory for investors to make certain disclosures like bank details etc. and provide certain documents like PAN copy etc. without which the application is liable to be rejected.
11. The AMC and the Trustee reserve the right to disclose the details of the investors and their transactions to banks, couriers, any other person/ organisation for the purpose of transaction confirmations and / or execution, redemption payouts, data validations, compliance with legal and regulatory requirements or for complying with anti-money laundering requirements.
12. Subject to the SEBI (MF) Regulations, any application for units of the Scheme may be accepted or rejected in the sole and absolute discretion of the Trustee/AMC. The Trustee/AMC may inter-alia reject any application for the purchase of units if the application is invalid or incomplete or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its unitholders to accept such an application.
13. Applications must be completed in block letters in English. Signatures should be in English or in any Indian language specified in the Eight Schedule of the Constitution of India. Thumb impressions (left hand for males and right hand for females) and signatures in languages not specified in the Eight Schedule of the constitution of India should be attested by a magistrate or a Notary Public or a special Executive Magistrate under his / her official seal.
14. If the investor wishes to invest directly, i.e. without involving the services of any agent or broker, "DIRECT" should be mentioned in the space provided for "ARN Number" in the application form. Any subsequent change/update/removal of broker code will be based on the written request from the Unit holder and will be on a prospective basis only from the date when the Registrar executes such written instruction.

Investors subscribing under the Direct Plan of a Scheme will have to indicate "Direct Plan" against the Scheme name in the application form e.g. "Union KBC Equity Fund - Direct Plan". Investors should also indicate "Direct" in the ARN column of the application form. However, in case Distributor code is mentioned in the application form, but "Direct Plan" is indicated against the Scheme name, the Distributor code will be ignored and the application will be processed under Direct Plan. Further, where application is received for any open - ended scheme without Distributor code or "Direct" mentioned in the ARN Column, the application will be deemed to be received under the Direct Plan of the respective scheme and shall be processed under the Direct Plan of the respective scheme.

15. Applications should be made in adherence to the minimum requirements pertaining to the minimum purchase amounts.
16. The investors should ensure that the amount invested in the Scheme is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any act, rules, regulations, notifications or directions of the provisions of Income Tax Act, Prevention of Money Laundering Act, and / or any other applicable laws enacted by the Government of India from time to time.

17. Who can invest?

The following persons are eligible to apply for subscription to the units of any of the Scheme(s) launched by the Fund, from time to time, (subject to, wherever relevant, subscription to units of the Scheme(s) being permitted under the respective constitutions and relevant statutory regulations):

- a. Indian resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;
- b. Hindu Undivided Family (HUF) through Karta of the HUF;
- c. Minor through parent / legal guardian;
- d. Partnership Firms and Limited Liability Partnerships (LLPs);
- e. Proprietorship in the name of the sole proprietor;
- f. Companies, Bodies Corporate, Public Sector Undertakings (PSUs), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860;
- g. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
- h. Mutual Funds registered with SEBI;
- i. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and private trusts authorised to invest in mutual fund schemes under their trust deeds;
- j. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non-repatriation basis;
- k. Foreign Institutional Investors (FIIs) and their subaccounts registered with SEBI on repatriation basis;
- l. Army, Air Force, Navy and other para-military units and bodies created by such institutions;
- m. Scientific and Industrial Research Organizations;
- n. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI;
- o. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds to the extent they are permitted;
- p. Other schemes of Union KBC Mutual Fund subject to the conditions and limits prescribed by SEBI (MF) Regulations;
- q. Trustee, AMC or Sponsor or their associates may subscribe to units under the Scheme;
- r. Such other individuals /institutions/ body corporates etc., as may be decided by the AMC from time to time, so long as, wherever applicable, subject to their respective constitutions and relevant statutory regulations.

The list given above is indicative and the applicable laws, if any, as amended from time to time shall supersede the list.

18. Who cannot invest?

The following persons are not eligible to invest in the Scheme(s):

- a. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA) except where registered with SEBI as a FII or sub account of FII or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority.
- b. Pursuant to RBI A.P. (DIR Series) Circular No. 14 dated September 16, 2003, Overseas Corporate Bodies (OCBs) cannot invest in Mutual Funds.
- c. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.
- d. NRIs and PIOs who are residents of the United States of America/defined as United States Persons under applicable laws/ statutes and residents of Canada.
- e. Such other persons as may be specified by AMC from time to time.

19. Prevention of Money Laundering and Know Your Client ('KYC') requirements:

In accordance with requirements under the Prevention of Money Laundering Act, 2002, (PMLA) the Rules issued there under and the guidelines and circulars on Anti-Money Laundering issued by SEBI, (collectively "AML Regulations"), mutual funds are required to formulate and implement Client Identification Programme to verify and maintain the record of identity and address(es) of investors. This is commonly referred to as 'Know Your Client' guidelines (KYC).

With a view to streamline implementation of KYC procedures and ensure compliance with the AML Regulations, the mutual fund industry had collectively put in place arrangement with an independent agency (CDSL Ventures Limited) that acted as central record keeping agency ('Central Agency'), and as Central Agency had the responsibility for collection of documents relating to identity and address of investors.

In order to avoid duplication of KYC process with every SEBI registered intermediary and with a view to bringing about uniformity in the KYC requirement and a mechanism for centralization of the KYC records in the securities market, SEBI has vide its various circulars, viz. MIRSD/SE/Cir-21/2011 dated October 5, 2011, MIRSD/ Cir-26/ 2011 dated December 23, 2011 and the SEBI (KYC Registration Agency) Regulations 2011, introduced common KYC across market intermediaries.

With effect from January 01, 2012 ("Effective Date"), SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc.

Following are the KYC requirements for new / prospective investors and existing investors:

i. KYC requirements for new / prospective investors:

New/ Prospective Investors are requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are available on the websites www.unionkbc.com/ www.amfiindia.com.

The Mutual Fund shall perform the initial KYC of its new investors and may also undertake enhanced KYC measures commensurate with the risk profile of its investors in line with the aforesaid circulars / Prevention of Money Laundering Act, 2002, and circulars thereto. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. On receipt of initial/updated KYC documents from the Mutual Fund, the KRA shall send a letter to the investor within SEBI prescribed timelines, confirming the details thereof.

It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from the Effective Date. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. The AMC and National Institute of Securities Markets (NISM)/ Association of Mutual Funds in India (AMFI) certified distributors who are Know Your Distributor (KYD) compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks.

ii. KYC requirements for existing investors:

Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice. However,

pursuant to SEBI circular no. MIRSD/ Cir-5 /2012 dated April 13, 2012 and subsequent SEBI communication, investors who invest / deal with another mutual fund and had completed the erstwhile Centralised Mutual Fund KYC through CDSL Ventures Limited, are required to provide KYC details and complete IPV as per the new KYC requirements, which was not mandated earlier. Provided however, if such investors trade / invest / deal with a SEBI registered intermediary other than a mutual fund, then such intermediaries would obtain from the investors the missing KYC details and complete IPV as per new KYC requirements.

AMC reserves the right to reject application forms for transactions in units of the Mutual Fund not accompanied by common KYC Application Form or letter/ acknowledgement issued by CVL/the KRA. The KYC compliance status of the investors will be validated with the records of CVL / the KRA.

It is mandatory for all categories of investors to be KYC compliant for any amount of investment.

The above category of investors for the purpose of KYC compliance shall include, if applicable,

- their constituted Power of Attorney (POA) holder, in case of investment through a POA,
- each of the applicants, in case of application in joint names,
- guardian, in case of application on behalf of minor,
- in case of pledge/lien, institution in whose favour the pledge/lien has been made,
- any person making payment on behalf of the account holder(s), to the extent permitted under paragraph on 'Non – acceptance of Third Party Payment Instruments for subscriptions / investments'.

Separate procedures are prescribed for change in name and address, should the applicant desire to change such information. KRA where KYC is registered will extend the services of effecting such changes. Once KYC is completed, any changes to name and address can be done through the KRA. These changes will be updated in the database maintained by the RTA. However, change in name in KYC details will have to be separately intimated to the RTA by the investor along with the requisite supporting documents for updation in database maintained by the RTA.

Investments are presently processed on the basis of the KYC acknowledgement generated by POS of CVL/KRA. If CVL/ KRA, after centralised processing of the KYC documents, intimates that KYC for the folio does not comply with the existing KYC norms, then the AMC reserves the right to ask for additional documents including the right to request the investor to resolve the KYC discrepancies with CVL/the KRA. Further, the AMC reserves the right to reject additional investments in such cases.

Pursuant to the provisions of the Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information etc. by the Investor, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the units under folios of the Investor(s), reject any application(s)/ allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard. The Mutual Fund, Trustee, AMC and their respective Directors, employees and agents shall not be liable in any manner whatsoever for any claims arising on account of freezing the folios/ rejection of any application / allotment of units or mandatory redemption of units due to

non-compliance with the provisions of the Prevention of Money Laundering Act, SEBI circulars, AML Policy and / or where the AMC believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars and reporting the same to FIU-IND.

The Fund will adhere to such guidelines / procedures as may be issued by SEBI / any other regulatory authority in this regard from time to time.

Applicants are requested to comply with the KYC requirements before investing in the fund.

Know Your Customer (KYC) norms for units in the dematerialised mode:

Applicants intending to hold units in the dematerialised mode including investors transacting in the units of the Schemes through BSE and / or NSE in a dematerialized mode (as and when the facility to purchase / redeem units through the Stock Exchange Mechanism is made available by the AMC) would be considered to be KYC compliant as per the DP records and no separate KYC acknowledgment proof needs to be submitted to the AMC/Registrar. However, the submission of KYC acknowledgement proof is optional. It may be noted that in case the application stands rejected due to any of the reasons specified under the clause "Subscription/Additional Purchase of units under Dematerialised Mode & allotment thereof." given elsewhere in this document, but the applicant has submitted the KYC acknowledgment proof along with the application form, the units will be allotted in the physical mode 'by default' (without any separate intimation to such applicant) and an Account Statement shall be sent to the Unit holders in accordance with the provisions of the Scheme Information Document of the respective Schemes.

Change of Address:

For change of address, investors / unit holders are requested to note that self- attested copies of the below mentioned documents have to be submitted along with a duly filled in 'Non-financial Transaction Form' available on the website www.unionkbc.com.

KYC Not Complied Folios: In case of change of address for KYC Not Complied Folios, the following supporting documents are required to be submitted:

- i. Proof of new Address, and
- ii. Proof of Identity: Only PAN card copy shall be accepted if PAN is updated in the folio, and PAN /other proof of identity shall be accepted if PAN is not updated in the folio.
- iii. Based on its internal risk assessment, the AMC reserves the right to consider collecting proof of old address, while effecting a change of address.

KYC Complied Folios: In case of change of address for KYC complied Folios, the following supporting documents are required to be submitted:

- i. Proof of new Address,
- ii. Any other document/form that the KYC Registration Agency (KRA) may specify from time to time.

List of admissible documents for Proof of new Address and Proof of Identity as mentioned above should be in conformity with SEBI circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011.

Copies of all the documents submitted by the applicants/ clients should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents as per extant KYC guidelines.

20. PAN mandatory for all Investors:

It is mandatory for all investors to quote their Permanent Account Number (PAN) and submit certified copy of the PAN card issued by the Income Tax Department, irrespective of the amount of investment, while making an application for purchase of Units of the Schemes. Investors will be required to submit the original PAN card for verification. In case of joint holding, PAN details of all holders should be submitted. In case the application is on behalf of a minor, PAN details of the guardian must be submitted.

Transactions by unit holders/investors who fail to submit certified copy of PAN card are liable to be rejected.

As per SEBI circular no. MRD/ DoP/MF/Cir - 08/2008 dated April 3, 2008 and circular no. MRD/ DoP/Cir20/2008 dated June 30, 2008 investors residing in the state of Sikkim and Central Government, State Government and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) respectively are exempted from the mandatory requirement of PAN for their investments in Mutual Funds. However, this would be subject to verification of the veracity of the claim of the investors by collecting sufficient documentary evidence. The AMC reserves the right to ask for the necessary documentation to the satisfaction of the Mutual Fund. Applications without the aforesaid details are liable to be rejected without any reference to the investors.

Micro Investments exempt from PAN Requirement:

The requirement of PAN shall be exempted if the aggregate of the lump sum investments (fresh purchases & additional purchases) and SIP installments by an investor in a rolling 12 months period or in a financial year i.e. April to March does not exceed ₹ 50,000/- (Rupees Fifty Thousand) (hereafter referred to as "Micro investments"). However, the requirements of Know Your Client (KYC) shall be mandatory for all investments, irrespective of the amount of investment. The above exemption for PAN will be available to Micro investments made by eligible investors, being individuals [including Joint holders who are individuals, Non-Resident Indians (NRIs) but not Persons of Indian Origin (PIOs)], Minors, Sole proprietary firms, Hindu Undivided Family (HUFs) and other categories of investors will not be eligible for this exemption. For the purpose of identifying Micro investments, the value of investments at the investor level will be aggregated and such aggregation shall be done irrespective of the number of folios / accounts under which the investor has invested.

21. Bank Account details mandatory for all Investors:

In order to protect the interest of investors from fraudulent encashment of cheques, the current SEBI Regulations have made it mandatory for investors to mention in their application for purchase of Units, the bank name and account number where the payments are to be credited. Hence, for purchase of Units, Investors must provide the Investor's bank name, bank account number, branch address, and account type in the Application Form. Applications without these details will be treated as incomplete and rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and / or any delay. The investor is required to provide "cancelled" original cheque or bank statement or copy of bank pass book page with the Investor's Bank Account number, name and address, at the time of registration of the investor's bank mandate. In case if a copy of the above documents is submitted, Investor shall submit the original to the AMC/ Service Centre for verification and the same shall be returned. For documents to be submitted for subsequent change in the investor's bank mandate, please refer point on 'Change in Bank Mandate' mentioned herein below. Investors can register multiple bank accounts with the Fund. For details please refer paragraph on 'Registration of Multiple Bank Accounts in respect of an Investor Folio given below in this document.

Change in Bank Mandate

1. For updation of Bank Accounts in a Unitholder's account / folio, investors shall submit duly filled in 'Bank Accounts Registration Form' (available on the website www.unionkbc.com) at any of the Official Points of Acceptance

of the Mutual Fund. In addition, the following supporting documents are required to be submitted towards the proof of new bank account details:

a. Documents to be submitted for New Bank Mandate:

Original of any one of the following documents or originals should be produced for verification or copy should be attested by the Bank:

- i. Cancelled original cheque of the new bank mandate with first unit holder's name and bank account number printed on the face of the cheque; or
- ii. Self attested copy of bank statement; or
- iii. Bank Passbook with current entries not older than 3 months; or
- iv. Letter from the Bank on its Letterhead confirming the bank account holder with the account details, duly signed by Branch Manager/authorized personnel

The AMC reserves the right to reject the request for change in bank mandate if the above documents are not submitted.

b. Based on its internal risk assessment, the AMC reserves the right to obtain the following Documents for existing bank mandate currently registered in the folio:

Original of any one of the following documents or copy should be attested by the Bank or originals should be produced for verification:

- i. Cancelled original cheque with first unit holder's name and bank account number printed on the face of the cheque; or
- ii. Original bank account statement / Pass Book; or
- iii. Original letter issued by the bank on the letterhead confirming the bank account holder with the account details, duly signed and stamped by the Branch Manager; or
- iv. In case such bank account is already closed, a duly signed and stamped original letter from such bank on the letter head of bank, confirming the closure of said account.

2. Investors / Unitholders are advised to register multiple bank accounts and choose any of the registered bank accounts towards receipt of redemption proceeds.
3. Any unregistered bank account or a new bank account forming part of redemption request shall be liable to be rejected.
4. The AMC reserves the right to observe a cooling-off period of 10 calendar days for validation and registration of new bank account and to disallow redemption payouts into such bank accounts till completion of such cooling-off period. Further, in case of receipt of redemption request during this cooling period, the validation of Bank Mandate and dispatch of redemption proceeds shall be completed within a period of 10 working days from the date of redemption.

22. Mode of Payment:

a. Resident Investors

Payment can be made by any of the following modes:

- By Cheque / Demand Draft / Pay Order / Banker's Cheque payable locally in the city of the designated CSCs in which the application form/transaction slip is submitted and drawn on a bank which is a member of the Banker's Clearing House of that city; or

- Electronic transfer of funds over the internet or by way of Direct Credit / RTGS / NEFT/NECS etc. to designated Scheme collection account; or
- The NFO subscriptions can also be made by investors by availing ASBA facility by filling up the ASBA Application Form and following the procedure as prescribed in the form. For further details on ASBA, please refer to the Section 'Additional mode of payment through Applications Supported by Blocked Amount ("ASBA")' given below in this Document.

Investors may kindly note that Demand Draft charges will not be borne / reimbursed by the AMC for purchase of units of the Scheme(s) by investors.

Applications accompanied by cheques / demand drafts not fulfilling the above criteria are liable to be rejected.

b. NRIs, PIOs and FIIs

Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India under Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.

NRIs and PIOs may purchase units of the Fund on a repatriation and non-repatriation basis, while FIIs may purchase units only on a repatriation basis.

A subscription by FIIs / Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board (FIPB).

• Repatriation basis:

In case of NRIs and PIOs residing abroad, investing on repatriable basis, payments 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).

In case of Indian Rupee Drafts purchased abroad or out of funds held in NRE/ FCNR account, an account debit certificate from the bank issuing the draft confirming the debit to the Investor's account should also be submitted with the application form. In case the debit certificate is not provided, the AMC reserves the right to reject the applications. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the Fund in connection with the investment in the Scheme(s).

FIIs may pay their subscription amounts either by inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non-Resident Rupee Accounts maintained with a designated branch of an authorised dealer.

In case Indian rupee drafts are purchased by the FII from abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts, an account debit certificate from the bank issuing the draft confirming the debit to the Investor's account shall also be enclosed. In case the debit certificate is not provided, the AMC reserves the right to reject the applications.

Payments shall be made by cheques / demand drafts crossed "Account Payee Only".

AMC may at its discretion accept subscription accompanied with foreign currency instrument. NAV applicable in such case would be of the date when the funds get credited into the Fund's account.

- **Non Repatriation basis:**

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

FII's are not allowed to make payment on Non-repatriable basis.

The Trustee/AMC, at its discretion, may choose from time to time to alter or add other modes of payment.

23. Non - acceptance of Third Party Payment Instruments for subscriptions / investments :

"Third Party Payment Instruments" means a payment made through an instrument issued from an account other than that of the Beneficiary Investor.

Applications to Schemes of Union KBC Mutual Fund accompanied by a Third Party Payment Instrument shall not be accepted by the AMC except in the following cases:

- Payments made by Parents / Grandparents/ Related Persons on behalf of a minor in consideration of natural love and affection or as gift. However single subscription value shall not exceed above ₹ 50,000 (including investments through each regular purchase or single SIP instalment).
- Payments made by an Employer on behalf of employee under Systematic Investment Plans or Lump sum / one-time subscription, through payroll deductions.
- Custodian making investments on behalf of an FII or a Client.
- Payment by Asset Management Company to a Distributor empanelled with it on account of commission/incentive etc. in the form of the Mutual Fund Units of the Funds managed by such AMC through Systematic Investment Plans or Lump sum/ one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.

In case of payments from a joint bank account, the sole /first holder of the Mutual Fund folio should be one of the joint holders of the bank account from which payment is made. In case a payment is covered under above exceptions, the following additional documents are also required to be mandatorily provided together with the Application Form:

- KYC Acknowledgement Letter / printout of KYC Compliance Status of the Investor and the person making the payment; and/ or
- A duly filled "Third Party Payment Declaration Form" from the Investor (guardian in case of a minor) and the person making the payment i.e. third party. The said form shall be available on the AMC's website/ at the Customer Services Centres.

Investors are requested to further note as follows:

- Registration of Pay-in bank account:** The Investor at the time of his subscription for units must provide the details of his Pay-in bank account (i.e. account from which subscription payment is made) and his Pay-out bank account (i.e. account into which redemption / dividend are to be paid). The details on facility for registration of Multiple Bank Accounts are mentioned separately in this document.
- Subscription through pre-funded Instruments like Pay Order / Demand Draft etc.:** In case of subscription through pre-funded Instruments such as Pay Order / Demand Draft / Banker's Cheque, such pre-funded instruments should be procured by the Investor only against a registered Pay-in account. Along with the payment instrument, the Investor is also required to submit any one of the following documents:
 - o a proof of debit to the investor's bank account in the form of a bank manager's certificate with details of account holder's

Name, bank account number and PAN as per bank records, if available. The said Certificate should be duly certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number; or

- o a copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available.
 - o a copy of the passbook/bank statement evidencing the debit for issuance of a DD.
- Subscriptions through pre-funded Instruments (Demand Draft, Pay Order etc.) procured against cash:** Subscription through a pre-funded instrument procured against cash shall only be accepted for investment below ₹ 50,000. Investor is required to provide a certificate from Banker issuing the pre-funded payment instrument stating the name, address and PAN (if available) of the person who has requested for such pre-funded instruments. The said Certificate should be duly certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number. The AMC / Mutual Fund / RTA will check that the name mentioned in the Certificate matches with the first named investor.

- Subscriptions through RTGS, NEFT, NECS, bank transfer etc.:** In such case, Investor is required to provide a copy of the instruction which has been provided to the Bank indicating the account number and the debit instructions.

- Payments through net banking and debit cards/ transactions through website:** For payments through net banking and debit cards/ transactions through website, the AMC shall 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 it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the AMC/RTA reserves the right to reject the transaction with due intimation to the investor.

All the above mentioned documents, to the extent applicable, are required to be provided along with the Application Form. In case if the application for subscription is not in accordance with the above provisions, the AMC reserves the right to reject the application.

In order to check whether a payment is a third party payment, the AMC reserves the right to call for additional documents/ information from the Investor. On failure to provide required documentation, information etc. by the Investor, the AMC shall have absolute discretion to freeze the units under the folios of the Investor(s), reject any application(s)/ allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard.

24. Registration of Multiple Bank Accounts in respect of an Investor Folio:

- Registering of Multiple Bank Accounts will enable the Fund to systematically validate the pay-in of funds and avoid acceptance of third party payments.
- Investor can register with the Fund upto 5 pay-in bank accounts in case of individuals and HUFs and upto 10 in other cases.
- In case of Multiple Registered Bank Account, Investor may choose one of the registered bank accounts for the credit of redemption/ dividend proceeds (being "Pay-out bank account").
- Investor may however, specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. Investor may change such Pay-out Bank account, as necessary, through written

instructions. If redemption request is received together with a change of bank account (unregistered new bank account) or before verification and validation of the new bank account, the AMC reserves the right to process the redemption request to the currently registered default old bank account.

- e. For the purpose of registration of bank account(s), Investor should submit Bank Mandate Registration Form (available at the CSCs/ AMC Website) together with any of the following documents
- Cancelled original cheque leaf in respect of bank account to be registered where the account number and names of the account holders are printed on the face of the cheque; or
 - Bank statement or copy of Bank Pass Book page with the Investor's Bank Account number, name and address.
- For documents to be submitted for change in bank account mandate, please refer point on 'Change in Bank Mandate' given elsewhere in this document.
- f. The AMC will register the Bank Account only after verifying that the sole/ first joint holder is the holder / one of the joint holders of the bank account. In case if a copy of the above documents is submitted, Investor shall submit the original to the AMC/ Service Centre for verification and the same shall be returned.
- g. Investor may note that in case where his bank account number has changed for any reason, a letter issued by the Bank communicating such change is also required to be submitted along with the Bank Mandate Registration Form.
- h. Bank Account details as mentioned in the Application Form shall be treated as default account for pay-out, if the Investor has not specifically designated a default pay-out bank account. Investor may change the default bank account through written instructions.
- i. Where an Investor proposes to delete his existing default pay-out account, he shall compulsorily designate another account as default account.
- j. A cooling-off period of 10 calendar days is required for registering the bank account and no redemption payouts will be made into such bank accounts during the cooling-off period. Confirmation of registration of bank accounts shall be communicated to the Investor through such means as may deemed fit by the AMC.
- k. Investors may also note the terms and conditions as appearing in the Multiple Bank Account Registration Form available at the CSCs/ AMC Website. The AMC may request for such additional documents or information as it may deem fit for registering the aforesaid bank accounts.

25. Additional mode of payment through Applications Supported by Blocked Amount ("ASBA") (applicable during NFO period only):

ASBA is an application containing an authorization given to a Self Certified Syndicate Bank (SCSB) by the investor to block the application money in his specified bank account maintained with the SCSB towards the subscription of units offered during the NFO of a Scheme of the Fund. ASBA facility can be availed by an investor only if the bank with whom his account is maintained is a Self Certified Syndicate Bank (SCSB) under ASBA.

Therefore during the NFO period, apart from the current process of payment wherein cheques / demand drafts etc. are used as a mode of payment, an investor also has the option to subscribe to the units of the Scheme(s) launched by the Fund from time to time, using the Application Supported by Blocked Amount (ASBA) facility, wherein the application money towards the subscription of units will be debited from his / her specified bank account only if his / her application is selected for allotment of units. This facility is

available to all categories of investors mentioned under the heading 'Who can invest'.

Benefits of applying through ASBA Facility:

- a) Writing cheque and demand draft is not required, as investor needs to submit ASBA application form accompanying an authorization to block the account to the extent of application money towards subscription of units. The balance money, if any, in the investor's specified bank account can be used for other purposes by the investor.
- b) Release/unblocking of blocked funds after allotment/rejection/ failure of NFO, as the case may be, is done instantaneously.
- c) Unlike other modes of payment, in ASBA facility, there is no loss of interest income on the application money towards subscription of units as application amount remains in the bank account of the investor till the allotment is made.
- d) Refund of money to the investor does not arise as the application money towards subscription of units is debited only on the allotment of units.
- e) The investor deals with a known intermediary i.e. his/her own bank.

Self Certified Syndicate Bank has the same meaning as given to it in clause (zi) of sub-regulation (1) of Regulation (2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. SCSB is a bank which is recognised as a bank capable of providing ASBA services to its customers. Names of such banks and their Designated Branches (DBs) where ASBA Application Form can be submitted are available on the website of SEBI (www.sebi.gov.in).

ASBA Procedure:

An Investor availing of this facility ("ASBA applicant"), which is available only during NFO period, shall submit a duly completed ASBA Application Form to the SCSB with whom the ASBA Applicant's bank account to be blocked, is maintained, authorising blocking of the funds and the SCSB shall block an amount equivalent to the Application Amount in the bank account specified in the ASBA Application Form. Such amount, as marked for application, is not available for utilization by the ASBA Applicant. Application can be submitted in physical form, or if the investor avails internet / electronic banking facility, in electronic form. The acknowledgement of receipt of the application given to the ASBA applicants by the designated branches of the SCSBs does not guarantee that the units shall be allotted either by the SCSB or the Mutual Fund.

The Application shall be further processed by the Registrar & Transfer Agent appointed by the Fund and units shall be allotted after deducting the blocked amount, only if the application is complete in all respects.

The application money shall remain blocked in the investor's bank account until withdrawal / failure of the NFO / rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount, as the case may be.

On allotment, the application money will be debited from ASBA Applicant's specified bank account and transferred to the Fund.

Grounds for rejection of ASBA application forms:

ASBA application forms can be rejected, at the discretion of the RTA / AMC / SCSBs due to various reasons, including but not limited to the following:

- i. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
- ii. Mode of ASBA i.e. either physical ASBA or electronic ASBA is not selected or ticked (applicable as and when electronic ASBA facility is offered).

- iii. ASBA application form without the stamp of the SCSB.
- iv. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
- v. Bank account details not given/incorrect details given.
- vi. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.
- vii. No corresponding records available with the Depositories matching the parameters namely, names of the ASBA applicants (including the order of names of joint holders), Depository Participant ID, Beneficiary account number or any other relevant details pertaining to the Depository account (applicable only to demat mode).

Note: If the bank account specified in the ASBA application form does not have sufficient credit balance to meet the application money towards the subscription of units, the SCSB will reject the ASBA application form.

Mechanism for Redressal of Investor Grievances:

All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving complete details such as name & address of the applicant, number of units applied for, counterfoil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the DB or the collection centre of the SCSB where the application form was submitted. If the SCSB has not resolved the grievance, investors should write to the RTA, Computer Age Management Services Private Limited (CAMS) at 148, Old Mahabalipuram Road, Okkiyam Thuraipakkam, Chennai - 600097 or to Mr. Joseph Idichandy, Investor Relations Officer at 7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400 013.

26. Facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism

This facility shall be provided from a later date which will be notified by the AMC.

The Fund may allow subscriptions / redemption of Units by investors through Stock Exchange Mechanism in such Scheme(s) and on such Stock Exchanges as may be specified by the Fund from time to time in terms of SEBI Circular No. SEBI /IMD / CIR No.11/183204/2009 dated November 13, 2009 and related SEBI circulars and in accordance with the guidelines specified by the Exchange(s) from time to time.

The facility enables an applicant to purchase / redeem units through the Stock Exchange Infrastructure. Switching of units is currently not permitted under this facility.

For this purpose, BSE has introduced the 'BSE StAR MF Platform' and NSE has introduced 'Mutual Fund Service System (MFSS)'.

The investors should note that this facility does not imply that the units of the Scheme(s) are listed or can be traded on the stock exchange.

All trading members of the BSE and NSE who are registered with AMFI as Mutual Fund Advisors and are empanelled with the AMC and also registered with BSE & NSE as Participants (Brokers) will be eligible to offer this facility to investors. Such brokers shall be considered as Official Points of Acceptance of the Fund.

The window for purchase/ redemption of units of the Scheme under this facility will be available between 9:00 a.m. and 3:00 p.m. or such other timings as may be decided. A time stamped confirmation slip will be issued to the investors by such brokers for the transaction done through them, which will then be considered for determining the Applicable NAV.

The units can be allotted in physical mode or in depository (dematerialized) mode depending on the choice of the investor. Separate folios will be allotted for Units held in physical mode and depository mode.

Investors intending to deal through the Facility in dematerialized mode should have a demat account with a Depository Participant (DP). For such investors, the KYC performed by DP in terms of SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 shall be considered compliance with applicable requirements specified in this regard in terms of SEBI Circular ISD/AML/ CIR-1/2008 dated December 19, 2008.

a. Physical Mode:

• **Purchase of units:**

Under this mode, the investor is required to submit all the requisite documents along with the purchase application to the any of the Brokers. The Broker after verifying the application form, will enter the purchase order in the Stock Exchange System and will issue a confirmation slip to the investor. Funds will have to be transferred by the Investor to the Broker. Allotment details will be provided to the investor by the Broker.

• **Redemption of units:**

The investor is required to submit requisite documents along with the redemption application to any of the Brokers. After verifying the application form the broker will enter the redemption order into the Stock Exchange System and issue a confirmation slip to the investor. The investor will receive the redemption proceeds as per timelines prescribed by SEBI and as per details in the Fund's records.

b. Depository Mode:

• **Purchase of units:**

The investor interested to purchase units under the depository mode is required to have a demat account with CDSL/NSDL. For purchasing units under this mode, the investor is required to place an order with the broker along with his/her demat account details. The broker then enters the order in the Stock Exchange System and issues a confirmation slip to the investor. Funds will have to be transferred by the investor to the Broker. Allotment details will be provided to the investor by the Broker.

• **Redemption of units:**

For redemption of units under the depository mode, it is necessary that the units intended to be redeemed are in the dematerialised form. For redeeming units, the investor will have to place a redemption order with the Broker and submit a Delivery Instruction Slip (DIS) to the Depository Participant with whom the demat account is maintained stating the units to be credited to the Clearing Corporation pool account. The Broker enters the redemption order in the Stock Exchange System and issues an order confirmation slip to the investor. The investor will receive the redemption proceeds as per timelines prescribed by SEBI and as per details in the Fund's records.

Note:

- a. Unit holders wishing to hold the Units in a demat form at a later date, will be required to have a beneficiary account with a DP of NSDL/ CDSL and will have to submit the account statement alongwith a request form asking for the conversion into demat form. This request is called a Demat Request Form (DRF). Unit holder will be required to fill in a DRF in triplicate alongwith the relevant details and submit the same to the Registrar alongwith the account statement to be dematerialized. The combination of names in the account statement must be same as that in the demat account. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time. However, in case of units of a Scheme which are not listed on any stock exchange, the option to dematerialise units will not be available till the facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism is provided by the AMC.

- b. In case of non-financial requests such as change of address, change of bank details, etc. investors can approach any of the CSCs of the Fund/ POS, as the case may be, if units are held in physical form and the respective Depository Participant(s) if units are held in demat form.
- c. Account Statements will be issued by the Fund only to investors who hold the units of the Scheme in physical form. For investors holding units in demat form, a demat statement reflecting the transactions in the demat account will be sent by the respective Depository Participants.
- d. The Applicable NAV considered for the transactions under this facility, will be subject to the guidelines issued by SEBI on uniform cut-off timings for applicability of NAV of Mutual Fund Scheme(s)/Plan(s) as amended from time to time.
- e. To participate in this facility, investors will have to comply with the Know Your Customer (KYC) norms as prescribed by NSE/BSE/CDSL/NSDL and the Fund.
- f. This facility is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time.
- g. The AMC reserves the right to discontinue this facility at any point of time. However the change will be effective only on a prospective basis.

Further, pursuant to SEBI Circular No. CIR/IMD/DF/17/2010 dated November 9, 2010, the following additional facility shall be available as and when the AMC offers the facility to transact through the Stock Exchange Mechanism for such Scheme(s) and on such Stock Exchanges as may be specified by the Fund:

- a) Units of schemes shall be permitted to be transacted through clearing members of the registered Stock Exchanges.
- b) Depository Participants of registered Depositories permitted to process only redemption request of units held in demat form.

With respect to investors having demat account and purchasing/ redeeming mutual fund units through Stock Exchange Brokers and Clearing Members, the following provisions shall be applicable:

- a) Investors shall receive redemption amount (if units are redeemed) and units (if units are purchased) through broker/clearing member's pool account. The Mutual Fund / AMC shall pay proceeds to the broker/clearing member (in case of redemption) and broker/clearing member in turn to the respective investor and similarly, units shall be credited by the Mutual Fund/AMC into broker/clearing member's pool account (in case of purchase) and broker/clearing member in turn shall credit the units to the respective investor's demat account.
- b) Payment of redemption proceeds to the broker/clearing members by Mutual Fund/AMC shall discharge Mutual Fund/AMC of its obligation of payment to individual investor. Similarly, in case of purchase of units, crediting units into broker/clearing member pool account shall discharge Mutual Fund/AMC of its obligation to allot units to individual investor.
- c) Investors should note that Clearing Members and Depository Participants will be considered as Official Points of Acceptance of the Mutual Fund in line with SEBI Circular No. SEBI/IMD/ CIR No.11/78450/06 dated October 11, 2006 and conditions stipulated in SEBI Circular No. SEBI /IMD / CIR No.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI / NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund shall be applicable for such Clearing Members and Depository Participants as well.

27. Additional facilities:

a. Transactions by Fax:

In order to facilitate quick processing of transaction and / or instruction of investment of investor, the Mutual Fund / AMC / Trustee may (at its sole discretion and without being obliged

in any manner to do so and without being responsible and /or liable in any manner whatsoever), accept and process any application, supporting documents and /or instructions submitted by an investor/ Unit holder by facsimile (Fax Submission) and the investor/Unit holder voluntarily and with full knowledge takes and assumes any and all risk associated therewith. The Mutual Fund / AMC/ Trustee shall have no obligation to check or verify the authenticity or accuracy of fax submission purporting to have been sent by the investor and may act thereon as if same has been duly given by the investor. In all cases the investor will have to immediately submit the original documents / instruction to AMC/ Mutual Fund/ Official Points of Acceptance.

b. Transactions through Electronic Mode:

The Mutual Fund may (at its sole discretion and without being obliged in any manner to do so and without being responsible and /or liable in any manner whatsoever) allow transactions in Units by electronic mode (web/ electronic transactions) including transactions through the various web sites with which the AMC would have an arrangement from time to time. Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode including web transactions and as permitted by SEBI or other regulatory authorities from time to time.

Investors who wish to transact in the units of the Schemes and access information online through the internet can avail the PIN Facility provided by the AMC. For details of the PIN Facility and the applicable terms and conditions, the Investors are requested to refer to the website of the AMC i.e. www.unionkbc.com.

Important note on transactions via Fax Submissions / Electronic Mode:

The acceptance of the fax / web /electronic transactions will be solely at the risk of the Transmitter (i.e. Investor or any person acting on his behalf) of the fax / web / electronic transactions and the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar (collectively referred to as "Recipient" for this section) shall not in any way be liable or responsible for any loss, damage caused to the Transmitter directly or indirectly, as a result of the Transmitter sending or purporting to send such transactions including where a fax / web/ electronic transaction sent / purported to be sent is not processed on account of the fact that it was not received by the Recipient.

The Transmitter acknowledges that fax /web /electronic transactions is not a secure means of giving instructions / transactions requests and that the Transmitter is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.

The Transmitter's request to the Recipient to act on any fax / web / electronic transmission is for the Transmitter's convenience and the Recipient is not obliged or bound to act on the same and may without liability accept or refuse instructions by any fax / web / electronic transaction for any or all instructions / transactions.

The Transmitter authorizes the Recipient to accept and act on any fax / web / electronic transmission which the Recipient believes in good faith to be given by the Transmitter and the Recipient shall be entitled to treat any such fax / web / electronic transaction as if the same was given to the Recipient under the Transmitter's original signature.

The Transmitter agrees that security procedures adopted by the Recipient may include signature verification, telephone call-backs or a combination of the same, which may be recorded by tape recording device and the Transmitter consents to such recording

and agrees to co-operate with the Recipient to enable confirmation of such fax/web/ electronic transaction requests.

The Transmitter accepts that the fax / web / electronic transactions shall not be considered until time stamped as a valid transaction request in the Scheme(s) in line with SEBI Regulations.

In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending/ discontinuing such facilities from time to time) acting on any fax / web / electronic transaction request received / purporting to be received from the Transmitter, the Transmitter agrees to indemnify and keep indemnified the AMC, Mutual Fund, Trustee, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustee, from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on fax / web / electronic transaction requests including relying upon such fax / electronic transaction requests purporting to come from the Transmitter even though it may not come from the Transmitter.

The AMC reserves the right to alter / discontinue all / any of the abovementioned facility(ies) at any point of time. However the change will be effective only on a prospective basis. Further, the AMC reserves the right to introduce more facility (ties) at a later date subject to prevailing SEBI Guidelines and Regulations.

c. Zero Balance folio facility:

As a value-added service, and with the objective of making future transactions in the Schemes of Union KBC Mutual Fund simpler, the AMC has a process of opening a "**Zero Balance Folio**". A Zero Balance Folio is similar to a Zero Balance Account in the bank where in you would be allotted a Folio number. In this regard, you would be required to fill an application form which is available on the AMC website i.e. www.unionkbc.com, and submit the duly filled in forms to the Authorised Registrar. The Authorised Registrar would create a unique Folio for you, after necessary verifications on the documentations submitted. This Zero Balance Folio number can then be quoted by you for any future transactions with the Mutual Fund/ AMC. However, this process does not mean any investment or commitment of investment in the Scheme/s of Union KBC Mutual Fund now or later. The advantage of opening a zero balance folio is that, whenever a transaction is to be carried out in future with Union KBC Mutual Fund, it can be done through a transaction slip by quoting the zero balance folio number and you can avoid any lengthy paper work with the Mutual Fund/ AMC at the time of investment.

d. Transactions in the open ended Schemes of Union KBC Mutual Fund through the Automated Teller Machines (ATM) of Union Bank of India:

In order to facilitate transactions and provide convenience while investing in our Schemes, the Mutual Fund / AMC / Trustee would at its sole discretion, accept electronic transactions either for **subscription/redemption**, through the **ATM machines of Union Bank of India, subject to the following terms and conditions**. The following terms and conditions are concomitant with the provisions detailed in the Scheme Information Document (SID) /Statement of Additional Information (SAI) /Key Information Memorandum (KIM) of the respective Scheme(s) of Union KBC Mutual Fund:

- Only a Resident Indian Individual, not being a minor, who is already a Bank account holder with Union Bank of India and also an existing folio holder (zero balance/ otherwise) with Union KBC Mutual Fund and who has registered his/ her Bank Account with Union Bank of India as a registered bank mandate with the AMC, and who has registered Union Bank as a distributor or has made

direct investments in the existing folio would be eligible to use these ATM services;

- The mode of operation/holding of the existing folio should be "**single**" or "**either/ survivor**" basis only;
- Only those unit holders who have opted to hold the units in physical form (by way of accounts statement) are currently eligible to apply through this service. However, unit holders who have opted for the dematerialised mode of holding currently cannot avail this service.
- All the ATM machines are only for facilitation purposes and shall not be deemed to be a designated Official Point of Acceptance for the Schemes of Union KBC Mutual Fund;
- Since, the investments would be made through the infrastructure provided by Union Bank of India; for all investments through this channel the Distributor would be deemed to be Union Bank of India. By using this facility, the investor authorises Union Bank of India to communicate the transaction done through the ATM by the investor to the AMC on behalf of the investor ;
- The allotment of units of the Schemes shall be made subject to compliance with the provisions detailed under "Non-Acceptance of Third Party Payment Instruments for subscription/investments of units" under the section "How to Apply" in the SAI;
- All transactions would further be subject to the provisions of the SAI and the respective SID including the provisions of the "Prevention of Money Laundering and Know Your Customer" requirements as detailed in the SAI;
- Currently only purchase/subscription and redemption transactions are allowed under this facility. Hence, Systematic Investment Plan / Systematic Transfer Plan / Systematic Withdrawal Plan / Switches are currently not available under this platform.
- An acknowledgement slip/ receipt shall be generated on the submission of the transaction request at the ATM machine and the investors are requested to retain the acknowledgement slip for future reference. However, date or time if any, indicated on this slip/receipt shall not be deemed to be construed as the time for providing applicable NAV for the given business day;
- The applicable NAV for the transaction would be strictly determined on the basis of the time and date of receipt of the transaction on the Mutual Fund/AMC/ Authorised Registrar servers and the realisation/ utilisation of clear funds by the AMC in accordance with the prescribed process agreed between the AMC and Union Bank of India and further in accordance with the provisions of the Scheme Information Document of the respective Schemes. The Investors are requested to note that there may be a time lag between the time of conclusion of transaction at the ATM machine and the time of receipt of transaction on the AMC/Authorised Registrar/Mutual Funds servers;
- The AMC/ Mutual Fund / Authorised Registrar shall not be held responsible/ liable for any loss caused to the investor due to any time-lag/error/interruption in transmission of transaction through the ATM machine of Union Bank of India to the AMC/Authorised Registrar/Mutual Fund;
- The purchase/subscription/ redemption transactions, from Union Bank of India ATM's would further, be subject to the provisions with regard to the minimum amount for subscription/ redemption as specified in the Scheme Information Document of the respective Schemes;
- Any redemption request would be further subject to the closing units available in the AMC/ Authorised Registrar's records;

- Further, the investment/redemption amount through this facility may be restricted by Union Bank of India/ the AMC from time to time in line with the prudent risk management requirements and to protect the overall interest of the investors;
- All units will be allotted in the folio selected at Union Bank of India ATM by the investor;
- The AMC shall not be held responsible/liable for non-receipt of any transaction or any loss, damage and or liability arising out of any malfunctioning/failure/interruption/error in this service provided by Union Bank of India at any of its ATM outlets. The AMC/ Mutual Fund/ Authorised Registrar, does not accept any responsibility for any error /omission/ inaccuracy /mistake of any nature or any consequences of the use of the ATM Service of Union Bank of India;
- The AMC/Authorised Registrar may at its sole discretion and in accordance with the terms of the Scheme Information Document reject allotment/ redemption of Units and such decision shall be final and binding on the investor;
- The AMC reserves the right to restrict the number / type of schemes being offered through this facility;
- The usage of the ATM services of Union Bank of India would be at the user's own risk;
- In addition to the above terms and conditions, this service is subject to the terms and conditions and/or costs and charges (if any) of usage of ATM as prescribed by Union Bank of India. The investors are requested to familiarise themselves to such terms and conditions and/or costs and charges (if any) as may be prescribed by Union Bank of India from time to time;
- Usage of Union Bank of India ATM service will be deemed as the investors' confirmation that the investor understands and agrees to be bound by all of the above terms and conditions as amended from time to time;
- The AMC reserves the right to change, modify, add, or remove portions of the aforesaid terms and conditions at any time without prior notification;
- Further, the AMC reserves the right to alter / discontinue all / any of the abovementioned facility (ies) at any point of time. However, the change will be effective only on a prospective basis.

28. List of documents required to be submitted along with the Application Forms:

a. Companies / Body Corporate /Banks / Financial Institutions:

- Certified copy of the Board Resolution authorising investments/ disinvestments in Mutual Funds Schemes, certified by the Company Secretary/authorised signatory.
- List containing names and signatures of the signatories, authorised as per the above Board Resolution, duly attested by the Notary/Company Secretary/ any of the Directors of the Company on the Company's letterhead.
- Copy of the Memorandum and Articles of Association of the Company, duly attested by the Company Secretary or any other authorised signatory.
- Other relevant documents governing the statute (in case of Body Corporate not covered under the Companies Act, 1956).
- Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount invested).

b. Partnership Firms:

- Copy of the Partnership Deed, duly attested by any of the partners. Signature of the partners attested by Notary.
- Partnership deed signed by the partners should authorise such investments/disinvestments in the Mutual Fund Scheme and corresponding operational procedures.
- Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount invested).

c. HUF/AOP/BOI/SPV:

- Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount invested).
- Copy of the Constituent Documents or formation Documents (Legal Entity Documents) duly attested by the Authorised Signatories.

d. Trusts/Funds:

- Copy of the Trust Deed attested by the Trustee/ Secretary.
- Copy of the Resolution passed by the Trustee authorising investments/disinvestments in Mutual Fund Schemes, duly certified by the Trustee/ Secretary or by the office bearer of the society.
- List of the Trustee and signatures, authorised as per the above resolution, duly attested by the notary / Secretary of the Trust on the Trust's letterhead.
- Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount invested).

e. Co-operative Societies:

- Copy of the Registration Certificate attested by the Secretary/ office bearer of the society.
- Copy of the Resolution authorising investments/ disinvestments in the Mutual Fund Schemes, duly attested by the Secretary/ office bearer of the society.
- List of authorised signatories with designation & their specimen signatures, attested by the Notary.
- Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount invested).

f. Any other Non-individual Investor:

In case of an application by any Non-individual Investor other than the aforementioned Non-individual Investors, a duly certified copy of the relevant resolution or a document providing evidence of the authority to such Investor to invest in units of the Scheme(s), along with the updated specimen signature list of authorised signatories must be submitted along with the Application Form / Transaction Slip. Further, a certified copy of the incorporation deeds / constitutive documents should be submitted, where the AMC so requires.

g. Individual Investors:

Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount of investment).

h. Non Resident Investors:

- In case Indian rupee drafts are purchased abroad or from FCNR / NRE A/c., an account debit certificate from the Bank issuing the draft confirming the debit to Investor's account shall also be enclosed along with the Application Form.

- For subscriptions amounts remitted out of debit to the FCNR / NRE A/c., the Application form must be accompanied with an account debit certificate confirming the account type and account number, issued by the Investor's banker(s).
- Documents required to be submitted under normal circumstances like PAN & proof of KYC Compliance (compulsory irrespective of the amount invested).

i. Applications made under Power of Attorney:

- An applicant applying through power of attorney holder must lodge an original or a copy of the Power Of Attorney (POA) duly attested by a notary public at any of the Official Points of Acceptance.
- The Power of Attorney Document must contain the signatures of both the applicant and the constituted Attorney.
- Documents otherwise required to be submitted under normal circumstances by an Investor should be submitted by both the Investor and the POA holder in case of applications made under a POA.

j. Applications on behalf of minor:

- In case of court appointed legal guardian, supporting documentary evidence shall be obtained.
- In case of natural guardian, a document evidencing the relationship shall be obtained if the same is not available as part of the documents submitted as per the below point.
- Date of birth of the minor along with photocopy of supporting documents as enumerated below shall be mandatory while opening the account on behalf of minor:
 - Birth certificate of the minor, or
 - School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
 - Passport of the minor, or
 - Any other suitable proof evidencing the date of birth of the minor.

Note:

- All documents not required to be submitted in original or not required to be attested by a notary public should be self - attested by the respective authorized signatories specified therein.
- Certified PAN Card copy is mandatory for all the above investors. Investors will be required to submit the original PAN card for verification.
- AMC reserves the right to call for such other informations / documents that it deems fit to fulfill its KYC /other obligations.
- If any of the above documents are in a language not specified in the Eighth Schedule of the Constitution of India / Foreign Language, then the same have to be translated into English for submission as required by the AMC.
- Any request for purchase of units may not be processed if the necessary documents are not submitted.
- In relation to certified copies of the Board Resolution and the List containing names and signatures of the authorized signatories submitted, the AMC reserves the right to insist on certification of the copies by signatories other than the signatories mentioned in the Board Resolution/ Authorised Signatory List, in order to mitigate potential risks of unauthorized investments. Further, in case such certification is not received by the AMC, the AMC reserves the right to freeze the existing folios for further

investments or redemptions till such time that such certification is received to the satisfaction of the AMC.

29. Facility & Option to hold Units of the Schemes in the dematerialised mode:

In accordance with the terms of SEBI Circular No. CIR/IMD/DF/9/ 2011 dated May 19, 2011, it may be noted that investors have an option to subscribe to units in the dematerialised mode in addition to the physical mode of holding (by way of an account statement) from the effective date. Further, existing investors also have an option to convert their physical holdings into the dematerialised mode from the effective date. It may be noted that every Scheme (at an Option level) of Union KBC Mutual Fund held in the dematerialised form shall be identified on the basis of an **International Securities Identification Number (ISIN) allotted by National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL)**. The ISIN No. details of the respective option can be obtained from your Depository Participant (DP) or you can access the website link www.nsdl.co.in or www.cdslindia.com. The holding of units in the dematerialised mode would be subject to the guidelines/ procedural requirements as laid by the Depositories viz. NSDL/CDSL from time to time. The investors are requested to note the following in this regard:

• **Subscription/Additional Purchase of units under Dematerialised Mode & allotment thereof:**

The Applicants intending to hold the Units in dematerialised mode will be required to have a beneficiary account with a DP of the NSDL/CDSL and will be required to mention the DP's Name, DP ID No. and Beneficiary Account No. with the DP in the application form at the time of subscription/ additional purchase of the Units of the respective Scheme(s)/Option(s). The applicant shall mandatorily attach a self-attested copy of the latest demat account statement/client master statement along with the application forms at the time of initial subscription. The application for subscription/additional purchase would be liable to be rejected by the AMC/ Registrar under the following conditions:

- In case the applicants do not provide their Demat Account details in the application form; or
- The demat details provided in the application form are incomplete / incorrect or do not exactly match with the details in the Depository records; and/or
- The mode of holding in the application form does not match exactly with that of the demat mode of holding.

However, it may be noted that in case the application stands rejected due to any of the above reasons, the AMC/ Registrar shall refund the amount to the applicants in line with the provisions of the respective Scheme Information Documents. However if the applicant has submitted the KYC acknowledgment proof along with the application forms, the units will be allotted in the physical mode 'by default' (without any separate intimation to such applicant) and an Account Statement shall be sent to the Unit holders in accordance with the provisions of the Scheme Information Document of the respective Schemes. It may be further noted that for any such default allotment the "Source Bank Account" (as per the payment instrument submitted along with the application form) shall be considered as the bank mandate for all purposes.

NOTE: It may be noted that the options viz. Daily Dividend, Weekly Dividend and Fortnightly Dividend and the facilities viz. Switch in and out, Systematic Withdrawal Plan (SWP)/ Systematic Transfer Plan (STP), if applicable under respective Schemes, are currently NOT available in the dematerialised mode. It may also be noted that units in the demat mode shall only be credited in the DP account on the basis of realization of funds.

- **Know Your Customer (KYC) norms:**

Applicants intending to hold units in the dematerialised mode would be considered to be KYC compliant as per the DP records and no separate KYC acknowledgment proof needs to be submitted to the AMC/Registrar. However, the submission of KYC acknowledgement proof is **optional**. It may be noted that in case the application stands **rejected** due to any of the reasons specified above under the clause "*Subscription/ Additional Purchase of units under Dematerialised Mode & allotment thereof.*", but the applicant has submitted the KYC acknowledgment proof along with the application form, the units will be allotted in the physical mode 'by default' (without any separate intimation to such applicant) and an Account Statement shall be sent to the Unit holders in accordance with the provisions of the Scheme Information Document of the respective Schemes

- **Conversion of Units from Physical mode to Dematerialised mode:**

If the Unit holder desires to convert the Units in a dematerialised form at a later date, the unitholder will be required to have a beneficiary account with a DP of the NSDL/CDSL and will have to submit the account statement along with a request form viz. *Conversion Request Form (CRF)/ Demat Request Form (DRF)* to the DP asking for the conversion of units into demat form. It may be noted that it is necessary to mention the ISIN No. of the respective option on the CRF/ DRF. The ISIN No. details of the respective option held by you can be obtained from your DP or you can access the website link www.nsdl.co.in or www.cdslindia.com. The CRF/DRF can be obtained from the respective DP's. The Unit holders will be required to comply with the following process for conversion of units to demat form:-

1. The account statement along with a CRF/DRF in triplicate will be required to be submitted to the DP.
2. The combination/sequence of names in the account statement must be in the same order as appearing in Unit holder's demat account. Further, the mode of holding in the account statement and demat account shall also be the same.
3. The account statements will be defaced on the face by marking "*Surrendered for Dematerialization*" by the DP.
4. The request form will be required to be signed by "**all**" the Unit holders incase of joint holding.
5. On verification of the correctness and completeness of the CRF/DRF and signature verification, necessary action will be initiated by NSDL/CDSL with the AMC/Registrar with NSDL/ CDSL for conversion of units from physical mode to dematerialised mode.
6. On processing of the request in the NSDL / CDSL system, the number of units as reflecting in the account statement will be transferred from the Unit holder's folio to NSDL / CDSL (as the case may be) and thereafter, these units will get credited to the DP account of the Unit holder. Unit holders are requested to contact any of the Investor Service Centres/ DP for any further guidance in this regard.

- **Dividend option under Dematerialised mode:**

In case of Units under the dividend option held in dematerialised mode, the Depositories (NSDL/CDSL) will give the list of demat account holders and the number of Units held by them in electronic form on the Record date to the AMC/Registrar. The dividend pay-out will be credited to the bank account of the investor, as per the bank account details recorded with the DP. **It may be noted that Daily Dividend, Weekly dividend, and fortnightly dividend options under respective Schemes are currently NOT available in the dematerialised mode.**

- **SIP transactions in dematerialised mode:**

The investors will have an option to hold units in demat mode for SIP transactions in schemes of Union KBC Mutual Fund, offering SIP Facility to investors. In case of SIP transactions in demat mode, the units will be allotted based on applicable Net Asset Value (NAV) as per the SID of the respective scheme and will be credited to the investor's Demat (Beneficiary) Account on a weekly basis upon realization of funds. For example, units will be credited to investor's Demat (Beneficiary) Account every Monday (or next business day, if Monday is a non-business day) for realization status received in the previous week from Monday to Friday. Investors are requested to note that in case of subscription of units in demat mode through SIP transactions, unit holder will not be able to redeem/transfer such units till units are credited to investor's Demat (Beneficiary) Account.

- **Bank Mandate under Dematerialised mode:**

In case of those unit holders, who hold units in demat form, the bank mandate available with the respective DP will be treated as the valid bank mandate for the purpose of pay-in at the time of subscription or purchase/ pay-out at the time of maturity or at the time of any corporate action. In view of the above, Multiple Bank Mandate registration facilities with the AMC will not be applicable to Demat account holders.

- **Account Statement under Dematerialised mode:**

Investors shall receive the demat account statement /demat holding statement directly from the DP with whom the investor holds the DP account. The statement issued by the DP will be deemed adequate compliance with the requirements in respect of dispatch of Statement of Account. In case of any specific requirements/queries on the account statement, investor should directly contact the respective DP's.

- **Redemption under Dematerialised mode:**

The investor who holds units in the demat mode is required to place an order for redemption (subject to applicable limits prescribed in SID, if any or as may be communicated from time to time) directly with the DP. The investors should provide request for redemption to their DP along with Depository Instruction Slip and such other documents as may be specified by the DP. The redemption requests submitted to the AMC/ Registrar directly are liable to be rejected. Further, it may be noted that the date and time available in the electronic feed from the DP sent to the AMC/Registrar will only be considered for the purpose of determination of Applicable NAV. The redemption proceeds will be credited (within the time stipulated in the SID) to the bank account of the investor, as per the bank account details recorded with the DP.

- **Re-materialization process:**

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

- **Transferability of Units under Dematerialised mode:**

The Units of the Scheme held in the dematerialised form will be fully and freely transferable (*subject to lock-in period, if any and subject to lien, if any marked on the units*) in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time and as stated in SEBI Circular No. CIR/IMD/DF/ 10/2010 dated August 18, 2010. Further, for the procedure of release of lien, the investors shall contact their respective DP.

- **Non- financial transactions under Dematerialised mode:**

For those investors who hold units in Demat mode, all non-financial transaction such as Change in Address, Bank Mandate, Nominee Registration etc should be routed directly through their DP's as per the format defined by them. Non-financial transaction request from demat account holder

submitted directly to the AMC/ Registrar are liable to be rejected.

- **Investor Grievance Mechanism:**

It may be noted that all grievances/ complaints with regard to demat mode of holding shall be routed only through the DP/ NSDL/CDSL.

- **Clarifications for the dematerialised mode of holding:**

It is further **clarified** that the demat mode of holding is subject to the following:

- Mandatory Submission of the PAN details along with the necessary proofs in accordance with the provisions of the SAI;
- Provisions of "Non-Acceptance of Third Party Payment Instruments for subscription/investments of units" under the section "How to Apply" in the SAI."
- Submission of such other mandatory authority documents as may be specified in the application forms for individual/non-individual category of investors;
- All communications under demat mode of holding shall be on the basis of DP ID and client ID submitted in the application form and no separate folio shall be created for the same;

30. Cut off timing for subscriptions/ redemptions/ switches:

The provisions relating to the Cut off time observed by the Mutual Fund in respect of purchase/ switch-in and redemption/switch-out of the units of a scheme of the Mutual Fund are provided in the SID of the respective schemes of the Fund.

Multiple applications in schemes (other than liquid fund schemes):

In respect of purchase of units in schemes (other than liquid fund schemes) with amount equal to or more than ₹ 2 lakhs, irrespective of the time of receipt of application, the closing NAV of the day on which the funds are available for utilization shall be applicable.

Investors are requested to note that, all transactions as per conditions given below shall be aggregated and closing NAV of the day on which funds for respective transaction are available for utilization will be applied where the aggregated amount of investment is ₹ 2 lakhs and above:

- All transactions received on the same Business Day (as per the time stamping cut-off of the respective schemes).
- Transactions to include purchases, additional purchases, switches, and exclude Systematic Investment Plans (SIP)/ Systematic Transaction Plans (STP) and triggered transactions.

- Aggregation of transactions shall be done on the basis of investor/s Permanent Account Number (PAN). In case of joint holding in folios, transactions with similar holding patterns will be aggregated. The principle followed for such aggregation will be similar to the principle applied for compilation of Consolidated Account Statement (CAS).
- All transactions will be aggregated where investor holding pattern is same as stated above, irrespective of whether the amount of the individual transaction is above or below ₹ 2 lakhs.
- Only transactions in the same scheme shall be clubbed. This will include transactions at plan/option level (i.e. Regular Plan, Direct Plan, Growth Option, Dividend Option etc.).
- Transactions in the name of minor received through guardian will not be aggregated with the transaction in the name of same guardian.

Redemption and Switch based on realisation of funds:

Unit holders are requested to note that application for redemption/ switch-out of units for which funds are not realized via purchase or switch-in in the scheme of the Fund, at the time of processing the redemption or switch-out, shall be liable to be rejected. In other words, redemption / switch out of units will be processed only if the funds for such units are realized in the scheme by way of payment instrument / transfer or switch-in funding process.

Further, all switch funding shall be in line with redemption funding timelines adopted by the concerned scheme i.e. if a scheme follows T+3 payout for redemption, the switch out funding should also be made on the T+3 and not earlier or later than T+3, where T is the day of transaction.

The redemption / switch out requests shall be partially processed, if funds for part of the units being redeemed/switched-out are realized.

31. Employee Unique Identification Number (EUIN):

As per SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 and AMFI Guidelines on implementation of EUIN, it is mandatory to state the Employee Unique Identification Number (EUIN) of the employee/ relationship manager/ sales person of the distributor interacting with the investor for the sale of mutual fund products, in addition to the AMFI Registration Number (ARN) of the distributor in the space indicated in the application form. **In case the EUIN box is intentionally left blank in the absence of any client facing interaction, then it is required to mandatorily tick against the confirmation/declaration stating that the transaction is an "execution-only" transaction, mentioned below the box/space provided for the ARN Number/ EUIN in the application form and also provide signature(s) in the signature pane appearing just below the confirmation/ declaration.** The mentioning of the EUIN shall assist the AMC to tackle the problem of mis-selling by the distributors/its employees/ relationship manager/ sales person.

III. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. In event of failure of dispatch of dividend within the stipulated 30 day period, the AMC shall be liable to pay interest @15% per annum to unitholders or such other rate of interest as may be prescribed from time to time for the delay period. Account Statement reflecting the new or additional subscription as well as Redemption/ Switch of Units shall be dispatched to the Unit holder within 5 working days from the date of closure of the initial subscription list and / or from the date of receipt of the request from the unitholders. Provided if a Unit holder so desires the Mutual Fund / AMC shall issue a Unit certificate (non-transferable) within 5 working days of the receipt of request for the certificate.

An applicant in a close ended scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold units in dematerialised form and the Mutual Fund/ AMC shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in dematerialized form within five working days from the date of closure of the initial subscription list. The AMC shall issue units in dematerialized form to a unitholder in a Close ended Scheme listed on a recognised stock exchange within two working days of the receipt of request from the unitholder.

The first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

The Mutual Fund shall allot units / refund of money and dispatch statements of accounts within five business days from the closure of the NFO and all the Schemes (except ELSS) shall be available for ongoing repurchase/ sale/ trading within five business days of the allotment date.

Account Statement under Dematerialised mode: Investors shall receive the demat account statement /demat holding statement directly from the DP with whom the investor holds the DP account. The statement issued by the DP will be deemed adequate compliance with the requirements in respect of dispatch of Statement of Account. In case of any specific requirements/queries on the account statement, investor should directly contact the respective DP's.

The AMC shall ensure that Consolidated Account Statement (CAS) for each calendar month is issued, on or before tenth day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors in whose folios transaction has taken place during that month.

Provided that the AMC shall ensure that a Consolidated Account Statement every half yearly (September/ March) is issued, on or before tenth day of succeeding month, detailing holding at the end of the respective six month period, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period.

Provided further that the AMC shall identify common investor by the Investor's Permanent Account Number for the purposes of sending consolidated account statement.

Explanation:- For the purpose of this regulation, the word 'transaction' shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.

Investors may note that dispatch of CAS across all mutual funds requires consolidation of transactions across all Fund Houses and the AMC shall not be responsible for any errors/ omissions except any error/omission pertaining to transactions relating to any Schemes of Union KBC Mutual Fund.

3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business days of receiving the Redemption request. In case of failure to dispatch redemption proceeds within 10 business days, the AMC will be liable to pay a penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, for the delay period.
4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders 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 seventy five percent of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind-up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
 - whenever required to do so by SEBI, in the interest of the Unit holders.
 - whenever required to do so if a requisition is made by three-fourths of the Unit holders of the Scheme.
 - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
 - The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:
 - (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - (ii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
8. In specific circumstances, where the approval of unitholders 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. 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.

IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

The Net Asset Value (NAV) of the Units of each Scheme will be computed by dividing the net assets of the Scheme/Plan/Option by the number of Units outstanding under the Scheme/ Plan/ Option on the valuation date.

The Net Assets Value (NAV) per unit under the Scheme/Plan/Option shall be calculated as follows:

$$\text{NAV (₹)} = \frac{\begin{array}{l} \text{Market or} \\ \text{Fair Value of} \\ \text{Scheme's} \\ \text{investments} \end{array} + \begin{array}{l} \text{Current} \\ \text{Assets} \\ \text{including} \\ \text{accrued} \\ \text{income} \end{array} - \begin{array}{l} \text{Current} \\ \text{Liabilities} \\ \text{and Provisions} \\ \text{including} \\ \text{accrued expenses} \end{array}}{\text{No. of Units outstanding under Scheme/ Plan/ Option}}$$

The Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such norms as may be prescribed by SEBI from time to time and the Investment Valuation Policy of the Fund.

In SEBI (Mutual Funds) (Amendment) Regulations, 2012, SEBI has amended the regulations to include Principles of Fair Valuation. Accordingly, the Mutual Fund shall ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time. Further the valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realisable value of the securities / assets. The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures.

The responsibility of true and fairness of valuation and correct NAV shall be of the AMC, irrespective of disclosure of the approved valuation policies and procedures i.e. if the established policies and procedures of valuation do not result in fair/ appropriate valuation, the AMC shall deviate from the established policies and procedures in order to value the assets/ securities at fair value. Any deviation from the disclosed

valuation policy and procedures would be reported to the Board of Trustee Company and the Board of the AMC and appropriate disclosures to investors would be made.

In case of any conflict between the Principles of Fair Valuation as detailed below and Valuation Guidelines issued by SEBI hereunder or elsewhere, the Principles of Fair Valuation detailed below shall prevail.

A. VALUATION COMMITTEE COMPOSITION

In accordance with the SEBI Circular MFD/CIR No.010/024/2000 dated January 17, 2000 every Asset Management Company (AMC) should formulate valuation committee to review investment valuation practices. Valuation Committee of AMC would consist of Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Investment Officer (CIO), Chief Operating Officer (COO) and Head-Compliance. Head-Fixed Income can be invited as and when required. This committee would review the valuation policies on periodic basis and as and when any change is proposed.

B. ROLE OF THE VALUATION COMMITTEE

1. Recommendation and drafting of the Valuation Policy for AMC & Trustee Board approval.
2. Review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any.
3. Recommend valuation method during exceptional events and report the same to the AMC & Trustee Board.
4. Recommend valuation methodology for a new type of security and seek approval of the AMC & Trustee Board.
5. Report to the Board regarding any deviation or incorrect valuation.

C. SECURITIES COVERED

| 1. | DEBT & MONEY MARKET INSTRUMENTS | |
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| 1.1 | Instruments maturing up to 60 days | <p>Instruments will be valued by amortisation on a straight-line basis to maturity from cost or last valuation price whichever is more recent.</p> <p>Benchmark yield: Traded prices are to be considered for construction of the benchmark yield curve. In arriving at the benchmark yields, traded prices/yields across all public platforms are to be considered.</p> <p>Process: At the time of first purchase the spread between the purchase yield and the benchmark yield should be fixed. This spread should remain fixed through the life of the instrument & should be changed only if there is justification for the change. For example, market trades (as in 1.2.1 below) / AMC trades at a different spread could be reflected through a change in the spread. Irrespective of amortisation, a change in the credit rating or credit profile of the issuer would require a re-evaluation of the appropriateness of the spread.</p> <p>The amortised price may be used for valuation as long as it is within $\pm 0.10\%$ of the reference price. In case the variance exceeds $\pm 0.10\%$, the valuation shall be adjusted to bring it within the $\pm 0.10\%$ band. In case of subsequent trades by the fund in the same security and in same scheme, the weighted average of T-1 day valuation price and purchase price of the additional purchase would be calculated and the result would be amortised for one day. The price arrived would be used for the purpose of amortization and the same would be compared with the reference price. The amortised price may be used for valuation as long as it is within $\pm 0.10\%$ of the reference price. In case the variance exceeds $\pm 0.10\%$, the valuation shall be adjusted to bring it within the $\pm 0.10\%$ band.</p> <p>In case of subsequent trades by the fund in the same security and in different schemes, the spread for the security would be adjusted so that the difference between benchmark reference price and amortized price (as captured in the Crisil Bond Valuer (CBV) master) would be the same. The spread would be adjusted to reflect the latest trade. The CBV price would be compared with the amortised price of each scheme. If there is a material difference between the prices in different schemes as compared with the CBV price, the process in the following paragraph would be followed.</p> <p>In case of self trades, if the security is maturing upto 60 days and if the difference between the price at which the security is traded in one portfolio and the price at which the security is valued in another portfolio at the end of the day is more than or equal to $\pm 0.10\%$, the difference would be considered to be material. In such case the valuation price would be computed by taking weighted average price as mentioned above of all holdings across Mutual Fund Schemes and the same price would be applied for the security held in different portfolios.</p> <p>CRISIL has provided the upgraded software for discounted securities and the same has been implemented since July 3, 2012. However, the software upgradation for coupon bearing securities is not yet provided, Hence, coupon bearing securities falling under this category would be amortised."</p> |
| 1.2 | Instruments having maturity greater than 60 days | <p>In case of traded instruments the traded price would be used for valuation; and in case of non-traded instruments, the valuation price would be the reference price calculated using benchmark yields.</p> |

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| 1.2.1 | Traded instruments | <p>All debt & money market deals are reported on FIMMDA platform and hence trades reported only on FIMMDA platform for debt and money market instruments other than Government Securities and Treasury Bills would be recognised. Presently the NSE (WDM) prices are considered as traded prices which would not be considered once the revised policy is made effective except for Government Securities & Treasury Bills.</p> <p>a. For instruments maturing above 1 year, the traded price may be taken if there are at least two trades aggregating to ₹ 25 crores or more after excluding inter-scheme trades reported on the FIMMDA platform.</p> <p>b. For instruments maturing between 61 days and 1 year, the traded price may be taken if there are at least three trades aggregating to ₹ 100 crores or more after excluding inter-scheme trades reported on the FIMMDA platform.</p> <p>Securities having same ISIN would be considered for comparison. All the amounts mentioned above refer to face value of securities. In addition, as the price may be distorted in case of forward settlement dates (e.g. across a weekend/holidays), the traded yields may be used to arrive at a price for valuation. In case of multiple trades, the weighted average price may be used for valuation.</p> <p>Self trade including inter-scheme transfer in debt & money market instrument would be reported on FIMMDA platform as per regulatory requirements and the security would be valued applying the above mentioned principles from the data of FIMMDA. The self trade would not be considered separately for valuation of security.</p> <p>When a debt security (other than Government Securities) is purchased by way of private placement, it will be immediately valued at traded price from the date of allotment. If the trade price is not available then it will be valued as per the norms prescribed for non traded debt securities.</p> |
| 1.2.2 | Non-traded instruments | <p>In the absence of traded prices, the securities will be valued using average of benchmark reference price (matrix) provided by CRISIL & ICRA to determine the valuation price for instruments maturing beyond 60 days. However in the interest of fair reflection of market levels, there would be no restriction on the allowed spread relative to the benchmark curve in respect of different issuers & instruments. The AMC would set its own internal guidelines (e.g. mechanism to determine spreads) to ensure fair valuation. For example, market trades / AMC's trades at a different spread could be reflected through a change in the spread. Similarly a change in the credit rating or credit profile of the issuer would require a re-evaluation of the appropriateness of the spread.</p> |
| 1.3 | Government Securities | <p>Government Securities are valued at the prices released by the agency suggested by Association of Mutual Funds in India (AMFI). Currently, AMFI has suggested that mutual funds use the average price provided by CRISIL & ICRA on a daily basis for valuation of these securities.</p> |
| 1.4 | Treasury Bills | <p>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, however, the traded prices would be considered in case of the trades are reported in NSE (WDM) by applying the criteria that the traded price may be taken if there are at least three trades aggregating to ₹ 100 crores or more in NSE (WDM).</p> |
| 1.5 | Valuation of securities with Put/Call Options | <p>The option embedded securities would be valued as follows:</p> |
| 1.5.1 | Securities with call option: | <p>a. 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.</p> <p>b. 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.</p> |
| 1.5.2 | Securities with Put option: | <p>a. 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.</p> <p>b. 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.</p> |
| 1.5.3 | Securities with both Put and Call option on the same day. | <p>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.</p> |
| 1.6 | Valuation of Interest Rate Swap (IRS): | <p>Interest Rate swaps will be valued separately than the underlying asset or a portfolio of assets. SEBI has not prescribed any policy for valuation of IRS.</p> <p>If the tenure of the IRS is less than 92 days: Value of IRS contract on 92nd day would be amortised over the remaining period.</p> <p>If the tenure is more than 91 days: Value of IRS contract would be present value of the difference between the fixed and floating interest to be received/paid on maturity of the contract. Floating rate interest till maturity is the interest accrued till the valuation date plus the interest on remaining period at reversal rate.</p> <p>Reversal rate for the day would be obtained from Reuters/ FIMMDA for different maturities. The relevant rate is taken on the basis of maturity of the contract. However, if the maturity date falls between the two years, the reversal rate is arrived by interpolation on valuation date.</p> <p>Methodology of IRS valuation is tabulated below:</p> <p>In case of Receive Fixed and Pay Floating:</p> |

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| | | FIXED Receivable (A) | Notional Contract value * Fixed interest rate * period of contract | XXXXX |
| | | Reversal rate | Interest rate as per Reuters/ FIMMDA | XXX |
| | | Floating Payable (B) | Accumulated interest till date + (Reversal rate* Compounded face value * No. of days remaining/365) | XXXXXX |
| | | No. of days remaining | | XXXX |
| | | Unrealised Gain/(Loss) (C) | (A) - (B) | XXXXX |
| | | Balance days for maturity date | | XXXX |
| | | PV on unrealised G/(L) | (C)/(1+Reversal rate/365*Balance days to maturity) | XXXX |
| | | Gain/(Loss) already provided | | XXXX |
| | | Mark to Market Loss | | XXXX |
| 1.7 | Valuation of "Repo" | Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest upto date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest upto date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation. | | |
| 1.8 | CBLO, Bills purchased under rediscounting scheme and Fixed Deposits with banks | Investments in CBLO, Bills purchased under rediscounting scheme and Fixed deposits with banks will be valued at cost plus accrual. | | |
| 2 | <u>CONVERTIBLE DEBENTURES AND BONDS</u> | 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 shall be valued on the same basis as would be applicable to equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument, which is traded, the value of later instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding conversion. While valuing such instruments, the fact whether the conversion is optional will also be factored in. For this purpose the cost split between convertible part and non convertible part, rate of discount to be applied on convertible part and assigning the weights to the options available will be decided by Valuation Committee on case to case basis. | | |
| 3 | <u>EQUITY AND EQUITY RELATED INSTRUMENTS</u> | | | |
| 3.1 | Traded Equity Securities | <p>a. Traded Equity securities are valued at the last quoted closing price on the principal stock exchange.</p> <p>b. When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. The AMC will select the appropriate stock exchange and shall record the reasons for the selection and change, if any, in writing. All scrips may be valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded. The AMC has selected National Stock Exchange (NSE) as the Principal Stock Exchange and the Bombay Stock Exchange (BSE) as the Secondary Stock Exchange. In case selected stock exchange for valuation of any or all securities is to be changed, reasons for change have to be recorded in writing by the valuation committee and approved by the Board of AMC & the Trustees.</p> <p>c. When on a particular valuation day, a security has not been traded on the principal stock exchange; the value at which it is traded on another stock exchange may be used.</p> <p>d. When the 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, as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to valuation date.</p> | | |
| 3.2 | Thinly Traded / Non-traded / Suspended Equity / Equity related securities | <p>a. When trading in an equity and/or equity related security (such as convertible debentures, equity warrants etc.) in a month is both less than ₹ 5 lacs and the total volume is less than 50,000 shares, the security shall be considered as thinly traded security and valued accordingly.</p> <p>b. Further it is clarified that in order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.</p> <p>c. 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 Mutual Fund.</p> <p>d. If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual 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.</p> | | |

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| | | <p>e. In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non traded and valued accordingly.</p> |
| 3.3 | Valuation of Non-Traded / Thinly Traded Equity Securities | <p>Non-traded / thinly traded securities shall be valued "in good faith" by the asset management company on the basis of the valuation principles laid down below:</p> <p>Based on the latest available audited Balance Sheet, net worth shall be calculated as follows:</p> <p>a. Net Worth per share =</p> $\frac{\text{Share Capital} + \text{Reserves (excluding Revaluation Reserves)} - \text{Miscellaneous Expenditure and Debit Balance in Profit and Loss Account}}{\text{Number of Paid up Shares}}$ <p>(Note: Audit qualifications with quantified effect if any, having a bearing on the net worth of the company (i.e. numerator) should be reckoned appropriately)</p> <p>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.</p> <p>c. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.</p> <p>d. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.</p> <p>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.</p> <p>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 bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.</p> <p>In case trading in an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the AMC or Trustees shall decide the valuation norms to be followed and such norms shall be documented and recorded.</p> |
| 3.4 | Demerger | <p>On de-merger following possibilities arise which influence valuation these are:</p> <p>a. The holding cost of the shares can be bifurcated on available information on the de-merger scheme.</p> <p>b. Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices.</p> <p>c. Shares of only one company continued to be traded on de-merger: Traded shares is to be valued at traded price and the other security is to be valued at traded value on the day before the de merger less value of the traded security post de merger. In case value of the share of de merged company is equal or in excess of the value of the pre de merger share, then the non-traded share is to be valued at zero.</p> <p>d. Both the shares are not traded on de-merger: Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of de merger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated on a fair value basis, based on available information on the de-merger scheme.</p> <p>e. In case shares of either of the companies are not traded for more than 30 days, these are to be valued as unlisted security, till the time these are listed. However, valuation of Unlisted securities requires audited balance sheet(s). If the audited balance sheets after demerger are not available within 30 days, then such non-traded securities will be linked to a Sectoral index of NSE or BSE. The price determined as per earlier paragraph will be adjusted for movement in the linked index between ex-date and valuation date. This will be further reduced by applying the illiquidity discount. Valuation by this method will be done on daily basis after the period of 30 days till the time the securities are listed. The linking of company with a Sectoral index and rate of illiquidity discount will be decided by the Valuation Committee.</p> |
| 3.5 | Preference Shares | <p>SEBI has not prescribed any methodology for valuation of preference shares. Valuation of non-traded preference shares would depend on the terms of issue of preference shares. i.e. convertible/non-convertible.</p> <p>a. Convertible preference shares should be valued like convertible debentures.</p> <p>b. Non-convertible preference shares should be valued like debentures. However, if company does not pay dividend in any year, it would be treated like non-performing debentures.</p> |

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| 3.6 | Unlisted Equity Shares | <p>Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:</p> <p>Based on the latest available audited balance sheet, net worth shall be calculated lower of the following:</p> <ol style="list-style-type: none"> Net worth 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. After taking into account the outstanding warrants and options, net worth 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]. <p>The lower of (a) and (b) above shall be used for calculation of net worth per share and for further calculation to arrive at the fair value per share as stated in (ii) below.</p> <ol style="list-style-type: none"> 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. The value as per the net worth 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. <p>The above methodology for valuation shall be subject to the following conditions:</p> <ol style="list-style-type: none"> All calculations as aforesaid shall be based on audited accounts. 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. If the net worth of the company is negative, the share would be marked down to zero. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. 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. <p>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.</p> |
| 3.7 | Warrants | <p>In respect of warrants to subscribe for shares 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 (as referred to in point 2 above) shall be deducted to account for the period, which must elapse before the warrant can be exercised.</p> |
| 3.8 | Rights | <p>Until they are traded, the value of "rights" shares shall be calculated as:</p> $V_r = n \div m \times (P_{ex} - P_{of})$ <p>Where</p> <p>V_r = Value of rights n = no. of rights offered m = no. of original shares held P_{ex} = Ex-rights price P_{of} = Rights Offer Price</p> <p>Where the rights are not treated pari passu with the existing shares, suitable adjustments shall be made to the value of the rights. For example, for restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate.</p> <p>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.</p> <p>In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognised as investments.</p> <p>Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.</p> |
| 4 | DERIVATIVES | <p>The traded derivative 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 (MF) Regulations.</p> <p>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 (MF) Regulations as amended from time to time.</p> |

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|---|---------------------------|---|
| | | Market values of traded open futures and option contracts shall be determined with respect to the exchange on which contracted originally, i.e., a future or an option contracted on the National Stock Exchange (NSE) would be valued at the closing price on the NSE. The price of the same futures and option contract on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the futures or option itself has been contracted on the BSE. The same shall be valued at closing price if the contract is traded on the valuation day. In case there is no trade on valuation day then the same shall be valued at Settlement prices. |
| 5 | MUTUAL FUND UNITS | <p>a. In case of traded Mutual Fund schemes, the units would be valued at closing price on the stock exchange on which they are traded like equity instruments. In case the units are not traded for more than 7 days, last declared Repurchase Price (the price at which Mutual Fund schemes buys its units back) would be considered for valuation (NAV/Repurchase price is declared by Mutual Fund on weekly basis in case of close-ended schemes).</p> <p>b. If the last available Repurchase price is older than 7 days, the valuation will be done at the last available NAV reduced by illiquidity discount. The illiquidity discount will be 10% of NAV or as decided by the Valuation Committee.</p> <p>c. In case of non-traded Mutual Fund scheme, the last declared Repurchase Price (the price at which Mutual Fund schemes buys its units back) would be considered for valuation.</p> |
| 6 | FOREIGN SECURITIES | <p>There are no specific SEBI guidelines on valuation of foreign securities at present. The AMC will define the valuation norms as and when required. In the absence of any guidelines, the following policy will be followed:</p> <p>a. The security 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. 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. Any subsequent change in the reference stock exchange used for valuation will be backed by reasons for such change being recorded in writing by the AMC. If a significant event has occurred after security prices were established for the computation of NAV of the Scheme, the AMC reserves the right to value the said securities on fair value basis.</p> <p>b. When on a particular valuation day, a security has not been traded on the selected stock exchange; the security will be valued in accordance with SEBI guidelines applicable for security listed in India.</p> <p>c. In case of investment 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.</p> <p>d. However, in case valuation for a specific debt security is not covered by SEBI (MF) Regulations, then the security will be valued on fair value basis.</p> <p>e. Due to difference in time zones of different markets, closing price of overseas securities/ units of overseas mutual fund may be available only after the prescribed time limit for declaration of NAV in India. In such cases, the NAV of the Scheme for any Business Day (T day) will be available on the next Business Day (T+1 day) and the same shall be posted, on each Business Day, on the Fund's website and on the AMFI website - www.amfiindia.com on date of computation of NAV. 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/ Reuters / RBI at the close of banking hours in India. The Trustees reserve the right to change the source for determining the exchange rate.</p> <p>f. 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.</p> <p>g. 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.</p> |

D. GENERAL AREAS COVERED

1. DOCUMENTATION

1.1 Discretionary Mark-up / Mark-down Yield

The Yields derived out of average price provided by CRISIL and ICRA bond valuation matrix would be marked-up / marked-down to account for the ill-liquidity risk, promoter background, finance company risk and the issuer class risk.

The Chief Executive Officer (by whatever designation called) of the Asset Management Company shall give prior approval to the use of discretionary mark up or down limit. The same shall be documented and preserved by the AMC.

1.2 Documentation of rationale for valuation

Documentation of rationale for valuation including inter scheme transfers shall be maintained and preserved by the asset management company as per regulation 50 of SEBI (Mutual Funds) Regulations, 1996 to enable audit trail.

2. PERIODIC REVIEW

The Valuation Committee shall be responsible to regularly review the valuation policies and procedures and seek the appointment of independent auditors from the AMC Board / Audit, Risk and Compliance Committee of the AMC Board. The valuation policies and procedures shall be regularly

reviewed (at least once in a Financial Year) by the independent auditor to seek to ensure their continued appropriateness.

3. CONFLICT OF INTEREST

Valuation Committee on periodic basis shall review areas of conflict of interest such as valuations for investments in sponsors or associates of the sponsors and report to AMC & Trustee Boards.

4. ILLIQUID SECURITIES

a. Aggregate value of "illiquid securities" of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

b. Mutual Fund 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.

c. Mutual Fund shall not be allowed to transfer illiquid securities among its schemes.

5. ACCRUAL OF EXPENSES AND INCOME

All expenses and incomes accrued up to the valuation date

shall be considered for computation of net asset value. For this purpose, major expenses like management fees and other periodic expenses would be accrued on a day-to-day basis. The other minor expenses and income will be accrued on a periodic basis, provided the non-accrual does not affect the NAV calculations by more than 1%.

6. RECORDING OF CHANGES

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

In case the Net Asset Value 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: -

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

7. NON PERFORMING ASSETS (NPA)

An "asset" shall be classified as non-performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income / instalment has fallen due. The valuation of Non Performing Assets (NPA) would be in accordance with SEBI Circular MFD/ CIR/8/92/2000 dated September 18, 2000 and SEBI Circular no. MFD/ CIR /14 / 088 / 2001 dated March 28, 2001 as amended from time to time.

8. CONSISTENCY

Similar securities held under various schemes of the Mutual Fund shall be valued consistently.

9. INVESTMENT IN NEW TYPE OF SECURITY

Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the board of the AMC & Trustee Company.

10. PRICING OF INTER-SCHEME TRADES

The inter-scheme trades in debt and money market instrument would be priced as follows:

- a. At weighted average price of trades reported on FIMMDA platform up to 2.30 pm by applying below mentioned criterion:
 - i. For instruments maturing above 1 year, the traded price may be taken if there are at least two trades aggregating to ₹ 25 crores or more after excluding inter-scheme trades.
 - ii. For instruments maturing less than 1 year, the traded price may be taken if there are at least three trades aggregating to ₹ 100 crores or more after excluding inter-scheme trades.
- b. If there is no qualifying Total Traded Volume in the same security up to 2.30 pm then the previous day portfolio valuation from selling scheme would be used.

11. EXCEPTIONAL EVENTS

The valuation committee will decide upon the scrip level valuation for exceptional events. The same will be reported to the Board in the next Board Meeting and appropriate disclosures shall be made to the investors.

ACCOUNTING POLICIES & STANDARDS

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

- a) The AMC, for each Scheme, shall keep and maintain proper books of account, records and documents, for each Scheme, so as to explain its transactions and to disclose at any point of time the financial position of each Scheme and, in particular, give a true and fair view of the state of affairs of the Fund.
- b) For the purposes of the financial statements, the Mutual Fund shall mark all investments to market and carry investments in

the balance sheet at market value. However, since the unrealized gain arising out of appreciation on investments cannot be distributed, provision shall be made for exclusion of this item when arriving at distributable income.

- c) Dividend income earned by a Scheme shall be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
- d) 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.
- e) In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method shall be followed for each security.
- f) 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 would be recorded, in the event of a purchase, as of the date on which the 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.
- g) Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares on 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 right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- h) Where income receivable on investments has been accrued and has not been received for a period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by SEBI.
- i) When in the case of an Open-ended Scheme 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 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.
- j) In the case of an Open-ended Scheme, 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 would 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 the Fund but is only an adjustment to the distributable surplus. It shall, therefore, be reflected in the Revenue Account only after the net income of the Fund is determined.
- k) The cost of investments acquired or purchased shall include 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.
- l) Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

The accounting policies and standards outlined above are as per the existing Regulations and are subject to change as per changes in the Regulations.

V. TAX & LEGAL & GENERAL INFORMATION

A. Taxation on investing in Mutual Funds

As per the taxation laws in force as at the date of this document, some broad income tax implications of investing in the units of the various Schemes of the Fund are stated below. The information so stated is based on the Fund's understanding of the tax laws in force as of the date of this document.

The information stated below is only for the purposes of providing general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. As the tax consequences are specific to each investor and in view of the changing tax laws, each investor is advised to consult his or her or its own tax consultant with respect to the specific tax implications arising out of his or her or its participation in the various schemes of the Fund.

(i) To the Mutual Fund

The Fund is a Mutual Fund registered with the Securities and Exchange Board of India and hence, is eligible for the benefits

of section 10(23D) of the Income-tax Act, 1961 ("the Act"). Accordingly, the income of the Fund is exempt from income tax.

The Fund will receive all its income without any deduction of tax at source under the provisions of Section 196(iv) of the Act. Where the Fund receives any income from investments made in overseas jurisdiction, the same may be subject to withholding in the relevant jurisdiction from which the income is received. As the income of the fund is exempt from tax in India, credit/ refund in respect of such foreign taxes may not be available in India.

a. Securities Transaction Tax (STT)

The Mutual Fund is liable to pay securities transaction tax (STT) at prescribed rates on the value of transactions of purchase or sale of specified securities.

The rates of STT are as under:

| Nature of Transaction | Payable by | Value on which tax shall be levied | Rates (%) |
|---|------------|--|---------------|
| Delivery based purchase transaction in 1) equity shares 2) units of equity oriented fund entered in a recognized stock exchange | Purchaser | Value at which shares / units are bought | 0.10 Nil |
| Delivery based sale transaction in 1) equity shares 2) units of equity oriented fund entered in a recognized stock exchange | Seller | Value at which shares / units are sold | 0.10 0.001 |
| Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange. | Seller | Value at which shares / units are sold | 0.025 |
| Transaction for sale of futures in securities, entered in a recognised stock exchange | Seller | Value at which futures are traded | 0.01 |
| Transaction for sale of an option in securities, entered in a recognised stock exchange | Seller | The option premium | 0.017 |
| Transaction for sale of an option in securities, where the option is exercised, entered in a recognised stock exchange | Purchaser | The settlement price | 0.125 |
| Sale of units of an equity oriented fund to the mutual fund | Seller | Value at which units are sold | 0.001 |

The value of a taxable securities transaction will be as follows:

- In the case of a taxable securities transaction relating to "option in securities", the aggregate of the strike price and the option premium of such "option in securities";
- In the case of taxable securities transaction relating to "futures", the price at which such "futures" are traded; and
- In the case of any other taxable securities transaction, the price at which such securities are purchased or sold.

For this purpose, an "equity oriented fund" is defined to mean:

- such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65 per cent of the total proceeds of such fund; and

- which has been set up under a scheme of mutual fund specified under clause (23D)

The percentage of equity shares holdings of such fund is required to be computed with reference to the annual average of the monthly averages of the opening and closing figures.

- b) Income Distribution Tax:** No income distribution tax is payable by the Fund, in respect of schemes in the nature of equity oriented fund, in terms of section 115R of the Act, which deals with tax on income distributable to unitholders of mutual funds. The benefit of exemption from income distribution tax is available to both open ended and close ended equity oriented schemes.

In terms of section 115R of the Act, where the income is distributed by a scheme other than an equity oriented fund, it is required to pay tax on income distributed by it, as under:

| Income distributed to | Effective tax rate (%) (Money Market mutual fund or a Liquid fund or scheme other than equity oriented fund) |
|---|---|
| Individual and Hindu Undivided Family ('HUF') | 28.325% (tax rate of 25 per cent plus surcharge @ 10 per cent thereon plus education cess at the rate of 3 per cent on the income tax plus surcharge) |
| Persons other than Individuals and HUFs | 33.99% (tax rate of 30 per cent plus surcharge at the rate of 10 per cent thereon plus education cess at the rate of 3 per cent on the income tax plus surcharge) |

c) Service tax

The Mutual Fund is liable for payment of service tax as recipient of services on various services availed by it. The rate of service tax is 10.30 percent (tax rate of 10 percent plus education cess at 3 percent of the tax).

(ii) To the Unit holders

a. Income received from Mutual Fund

In accordance with the provisions of section 10(35)(a) of the Act, income received by all categories of unit holders in respect of units of the Fund will be exempt from income-tax in the hands of the unitholders.

Exemption from income tax under section 10(35) of the Act would, however, not apply to any income arising from the transfer/redemption of these units.

The characterization of gains / losses arising from transfer/redemption of units as capital gains or business income would depend on the classification of the said units by the unit holder. It would depend on whether the unit holder has classified such units as capital assets or as stock in trade.

b. Capital Gains Tax:

As per the provisions of section 2(42A) of the Act, a unit of a Mutual Fund, held by the investor as a capital asset, is considered to be a short-term capital asset, if it is held for a period of 12 months or less from the date of its acquisition by the unit holder. Accordingly, if the unit is held for a period of more than 12 months, it is treated as a long-term capital asset.

Computation of capital gain

Capital gains on transfer of units will be computed after taking into account the cost of their acquisition. While calculating long-term capital gains, such cost will be indexed by using the cost inflation index notified by the Government of India.

Long-term capital gains

In case of Equity Oriented Fund:

As per Section 10(38) of the Act, long-term capital gains arising from the transfer/redemption of units of an equity oriented fund entered into in a recognised stock exchange or transfer/redemption of such units of an equity oriented fund to the mutual fund would be exempt from income-tax, provided such a transaction is chargeable to Securities Transaction Tax (STT) at applicable rates. If STT is not paid, exemption would not be available.

Companies are required to include such long term capital gains in computing the book profits and minimum alternate tax liability under section 115JB of the Act.

In case of Schemes other than Equity Oriented Funds:

In respect of schemes other than equity oriented funds, the tax implications are as follows:

- (i) As per section 112 of the Act, long-term capital gains on transfer of units are liable to tax at the rate of 20 per cent (plus applicable surcharge and education cess and secondary and higher education cess) after factoring the benefit of cost inflation index. Income tax on long-term capital gains on transfer of units shall, however, be limited to 10 per cent (plus applicable surcharge and education cess and secondary and higher education cess) of the gains computed without the benefit of cost indexation.

Further, in case of individuals/ HUFs, being residents, where the total income excluding long-term capital gains is below the maximum amount not chargeable to tax# then the difference between the maximum amount not chargeable to tax and total income excluding long-term capital gains, shall be adjusted from long-term capital gains. Therefore only the balance long term capital gains will be liable to income tax at the rate of 20% (plus applicable surcharge and education cess and secondary and higher education cess) after claiming indexation benefit or 10% (plus applicable surcharge and education cess and Secondary and higher education cess) without indexation as the case may be.

Effective April 1, 2013, the maximum amounts of total income, not chargeable to tax would be as under:

| Type of person | Maximum amount of income not chargeable to tax |
|---|--|
| Individuals(other than senior citizen /very senior citizen), HUF, BOI, Artificial Juridical persons(other than society, local authority) | 2,00,000 |
| Senior Citizen (age from 60 but less than 80 years) | 2,50,000 |
| Very Senior Citizen (age 80 years and above) | 5,00,000 |

The tax as calculated above shall be increased by a surcharge as under:

| Type of person | Surcharge (%) |
|--|---------------|
| Company other than domestic company with income exceeding ₹ 1 crore but less than ₹10 crores in a year | 2* |
| Company other than domestic company with income exceeding ₹ 10 crores in a year | 5* |
| Domestic company with income exceeding ₹ 1 crore but less than ₹10 crores in a year | 5* |
| Domestic company with income exceeding ₹ 10 crores in a year | 10* |

| Type of person | Surcharge (%) |
|---|---------------|
| Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, firm, LLP and artificial juridical person where the income exceeds ₹ 1 crore | 10* |

*In addition thereto, education cess at the rate of 3 per cent (inclusive of 1% of additional cess for Secondary and Higher Education) on the amount of tax payable plus surcharge, if any, as calculated above, is payable by all categories of taxpayers.

- (ii) As per the provisions of section 115AB of the Act, long-term capital gains on transfer of units arising to specified overseas financial organisations being companies, on transfer of units purchased by them in foreign currency shall be liable to tax at 10 per cent tax plus surcharge thereon plus education cess of 3 per cent on the tax plus surcharge. However, such gains shall be computed without the benefit of cost indexation.

In case of long-term capital gains on transfer of units arising to specified overseas financial organisations being persons other than companies, tax shall be chargeable at the rate of 10 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax or as per Double Taxation Avoidance Agreement whichever is beneficial.

- (iii) As per the provisions of section 115AD of the Act, long-term capital gains on transfer of units arising to Foreign Institutional Investors (FIIs), being foreign companies, shall be liable to tax at 10 per cent tax plus surcharge thereon plus education cess of 3 per cent on the tax plus surcharge. However, such gains shall be computed without the benefit of cost indexation.

In case of long-term capital gains on transfer of units arising to Foreign Institutional Investors (FII) not being companies, tax shall be chargeable at the rate of 10 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax.

Short-term capital gains

In case of Equity Oriented Fund:

As per Section 111A of the Act, short-term capital gains from the transfer/redemption of units of an equity oriented fund entered into in a recognised stock exchange or from the transfer/redemption of such units of an equity oriented fund to the mutual fund is taxed at 15 per cent, provided such transaction of sale is chargeable to STT.

The said tax rate would be increased by a surcharge as mentioned below:

| Type of person | Surcharge (%) |
|---|---------------|
| Company other than domestic company with income exceeding ₹ 1 crore but less than ₹10 crores in a year | 2* |
| Company other than domestic company with income exceeding ₹ 10 crores in a year | 5* |
| Domestic company with income exceeding ₹ 1 crore but less than ₹10 crores in a year | 5* |
| Domestic company with income exceeding ₹ 10 crores in a year | 10* |
| Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, firm, LLP and artificial juridical person where the income exceeds ₹ 1 crore | 10* |

*In addition thereto, education cess at the rate of 3 per cent (inclusive of 1% of additional cess for Secondary and Higher Education) on the amount of tax payable plus surcharge, if any, as calculated above, is payable by all categories of taxpayers.

Further, education cess at the rate of 3 per cent (inclusive of 1% of additional cess for Secondary and Higher Education) would be charged on amount of tax inclusive of surcharge to all assesses.

Further, in case of individuals/ HUFs, being residents, where the total income excluding short-term capital gains is below the aforementioned maximum amount not chargeable to tax, then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains.

Therefore only the balance short term capital gains will be liable to income tax at the rate of 15 percent (plus applicable surcharge and education cess and Secondary and higher education cess).

In case of Schemes other than Equity Oriented Funds:

- i. Short-term capital gains arising to domestic companies, firms, FIIs, being foreign companies or other than foreign companies are taxable at the rate of 30 per cent [plus applicable surcharge thereon plus education cess of 3 per cent on the tax plus surcharge]
- ii. Short-term capital gains arising to individuals and HUFs are taxable on progressive basis, as per the slabs of income given below:

In case of Individuals (other than senior citizen /very senior citizen), HUF, BOI, Artificial Juridical persons (other than society, local authority)

| | |
|---|--|
| Where total income for a tax year (April to March) is less than or equal to ₹ 2,00,000 | Nil |
| Where such total income is more than ₹ 2,00,000 but is less than or equal to ₹ 500,000 | 10 per cent of the amount by which the total income exceeds ₹ 2,00,000 |
| Where such total income is more than ₹ 500,000 but is less than or equal to ₹ 10,00,000 | ₹ 30,000 plus 20 per cent of the amount by which the total income exceeds ₹ 5,00,000 |
| Where such total income is more than ₹ 10,00,000 | ₹ 130,000 plus 30 per cent of the amount by which the total income exceeds ₹ 10,00,000 |

In case of senior citizens, (i.e. citizens of age 60 years and above) being residents

| | |
|---|---|
| Where total income for a tax year (April to March) is less than or equal to ₹ 2,50,000 | Nil |
| Where such total income is more than ₹ 2,50,000 but is less than or equal to ₹ 500,000 | 10 per cent of the amount by which the total income exceeds ₹ 250,000 |
| Where such total income is more than ₹ 500,000 but is less than or equal to ₹ 10,00,000 | ₹ 25,000 plus 20 per cent of the amount by which the total income exceeds ₹ 500,000 |
| Where such total income is more than ₹ 10,00,000 | ₹ 1,25,000 plus 30 per cent of the amount by which the total income exceeds ₹ 10,00,000 |

In case of very senior citizens, (i.e. citizens of age 80 years and above) being residents

| | |
|---|--|
| Where total income for a tax year (April to March) is less than or equal to ₹ 500,000 | Nil |
| Where such total income is more than ₹ 500,000 but is less than or equal to ₹ 10,00,000 | 20 per cent of the amount by which the total income exceeds ₹ 500,000 |
| Where such total income is more than ₹ 10,00,000 | ₹ 100,000 plus 30 per cent of the amount by which the total income exceeds ₹ 10,00,000 |

Education Cess is payable at the rate of 3% on the amount of tax payable, as calculated above.

- iii. The short term capital gains arising to a local authority, being a resident, are taxed at the effective rate 30.9% (30% plus education cess of 3% on the tax).

- iv Short-term capital gains arising to a cooperative society, being a resident, are taxable on a progressive basis as under:

| | |
|--|---|
| Where total income for a tax year (April to March) is less than or equal to ₹ 10,000 | 10% of the total income |
| Where such total income is more than ₹ 10,000 but is less than or equal to ₹ 20,000 | ₹ 1,000 plus 20 per cent of the amount by which the total income exceeds ₹ 10,000 |
| Where such total income is more than ₹ 20,000 | ₹ 3,000 plus 30 per cent of the amount by which the total income exceeds ₹ 20,000 |

Education cess at the rate of 3 percent is payable on tax, as calculated above.

- v Short-term capital gains arising to a foreign company (other than an FII) including overseas financial organizations covered under section 115AB of the Act and OCBs will be taxable at rate of 40 per cent tax plus applicable surcharge thereon plus education cess of 3 percent on the tax plus surcharge.

Non- residents

In case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rates provided in the Act, as discussed above, or the rates provided in the such agreement, if any, whichever is more beneficial to such non-resident unit holder.

Investment by Minors

Where sale / repurchase is made during the minority of the child, tax will be levied on either of the parents, whose income is greater, where the said income is not covered by the exception in the proviso to the section 64(1A) of the Act. When the child attains majority, such tax liability will be on the child.

Losses arising from sale of units: As per the provisions of section 94(7) of the Act, loss arising on transfer of units, which are acquired within a period of three months prior to the record date (date fixed by the Fund for the purposes of entitlement of the unit holder to receive the income from units) and sold within a period of nine months after the record date, shall not be allowed to the extent of income distributed by the Fund in respect of such units. As per the provisions of section 94(8) of the Act, where any units ("original units") are acquired within a period of three months prior to the record date (date fixed by the Fund for the purposes of entitlement of the unitholder to receive bonus units) and any bonus units are allotted (free of cost) based on the holding of the original units, the loss, if any, on sale of the original units within a period of nine months after the record date, shall be ignored in the computation of the unit holder's taxable income. Such loss will however, be deemed to be the cost of acquisition of the bonus units.

The long-term capital loss suffered on sale / repurchase of any units shall be available for set off against long-term capital gains arising on sale of other assets and balance long-term capital loss shall be carried forward separately

for set off only against long-term capital gains in subsequent years. However, each unit holder is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale / repurchase of units of an equity oriented fund referred to above, against long-term capital gains arising on sale of other assets. Short-term capital loss suffered on sale / repurchase of any units shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance short-term capital loss shall be carried forward for set off against capital gains in subsequent years. Carry forward of losses is admissible maximum upto eight assessment years.

Exemption from long term capital gains

In respect of long term capital gains arising from sale of units in respect of schemes other than equity oriented fund schemes, exemption may be claimed as under:

As per the provisions of section 54EC of the Act, long-term capital gains arising on transfer of units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring specified bonds and remain so invested as specified. However, investment ceiling in the notified bonds has been restricted to ₹ 50 lakhs per investor in any financial year.

Bonds issued by National Highways Authority of India and the Rural Electrification Corporation Limited and redeemable after three years would be eligible investments for this purpose.

New pension Scheme

Any income, including gains from redemption of units of scheme of Mutual Fund, received by any person for, or on behalf of, the New Pension System Trust (as established under the provisions of Indian Trusts Act, 1882, on 27 February 2008), is exempt in the hands of such person under section 10(44) of the Act.

c. Tax withholding on capital gains

Subject to furnishing of the unit holder's PAN to the Fund, capital gains arising to a unit holder on repurchase of units by the Fund should attract tax withholding as under:

- No tax needs to be withheld from capital gains arising to a FII on the basis of the provisions of section 196D of the Act.
- In case of non-resident unit holder who is a resident of a country with which India has signed a double taxation avoidance agreement (which is in force) the tax should be deducted at source under section 195 of the Act at the rate provided in the Finance Act of the relevant year or the rate provided in the said agreement, whichever is beneficial to such non-resident unit holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to the beneficial rate provided under such agreement.
- No tax needs to be withheld from capital gains arising to a resident unit holder on the basis of the Circular no. 715 dated 8 August 1995 issued by the CBDT. Subject to the above, the provisions relating to tax withholding in respect of gains arising from the sale of units of the various schemes of the fund are as under:

In case of Equity Oriented Fund:

- No tax is required to be withheld from long term capital gains arising from sale of units in equity oriented fund schemes, that are subject to STT.
- In respect of short-term capital gains arising to foreign

companies (including Overseas Corporate Bodies), the Fund is required to deduct tax at source at the tax rate of 15 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax plus surcharge.

- In respect of short-term capital gains arising to non-resident individual unit holders, the Fund is required to deduct tax at source at the tax rate of 15 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax.

In case of Schemes other than Equity Oriented Funds:

- The Fund is required to withhold tax at the tax rate of 10 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax plus surcharge from long-term capital gains on units purchased in foreign currency arising to non-resident unitholders, being specified overseas financial organizations, that are companies, in terms of section 196B of the Act.
- The Fund is required to withhold tax at the rate of 20 per cent, education cess of 3 per cent on the tax plus applicable surcharge from long-term capital gains arising to non-resident individual unitholders.
- In respect of short-term capital gains arising to foreign companies (other than FII's and overseas financial organisation but including OCBs), the Fund is required to deduct tax at source at the rate of 40 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax plus surcharge.
- In respect of short-term capital gains arising to non-resident individual unit holders, the Fund is required to deduct tax at source at the rate of 30 per cent tax plus applicable surcharge thereon plus education cess of 3 per cent on the tax.

Pursuant to an amendment in the Income-Tax Act, 1961 through the Finance Act, 2009, effective 1 April 2010, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 percent or any higher rate of TDS, as may be applicable, plus applicable surcharge and cess.

d. Wealth Tax

Units held under the Schemes of the Fund are not treated as assets within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and therefore, not liable to wealth-tax.

e. Securities Transaction Tax

The investor is required to pay STT on the following transactions in respect of units of equity oriented schemes of the fund:

| Nature of Transaction | Tax rate (%) |
|--|--------------|
| Delivery based purchase transaction in units of equity oriented fund entered in a recognized stock exchange | Nil |
| Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange | 0.001 |
| Non-delivery based sale transaction in units of equity oriented fund entered in a recognised stock exchange. | 0.025 |
| Sale of units of an equity oriented fund to the mutual fund | 0.001 |

Value of taxable securities transaction in case of units shall be the price at which such units are purchased or sold.

Deduction on account of STT

Securities Transaction Tax paid is allowable in the computation of business income. This is subject to the condition that such income from taxable securities transaction is included in computing such business income.

With effect from 1 October 2009, STT is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust.

B. Legal Information

i. Nomination Facility:

Pursuant to Regulation 29A of the SEBI (MF) Regulations, the AMC is providing an option to the Unit holder to nominate (in the manner prescribed under the SEBI (MF) Regulations), a person(s) in whom the Units held by him shall vest in the event of his death.

The Unit Holder/s can at the time an application is made or by subsequently writing to a Official Point of Acceptance of transactions, request for a Nomination Form in order to nominate one/more person/s (multiple nominations) to receive the Units upon his/ her death subject to the completion of the necessary formalities. To enable the AMC to transfer the unit holdings in the name of the Nominee upon death of a Unitholder, the AMC shall call for requisite documents from the Nominee (for list of documents please refer to section on 'Transfer and Transmission of units').

Nomination will be maintained at the folio or account level and will be applicable for investments in all schemes in the folio or account.

Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. In such cases, all joint holders should sign the request for nomination/cancellation of nomination, even if the mode of holding is not "Joint".

Nomination shall be mandatory for new folios / accounts opened by individuals especially with sole holding. Even those investors who do not wish to nominate must separately confirm their non-intention to nominate. Investors are requested to note that applications for new folios / accounts for individuals in single holding without nomination and applications without separate confirmation from investors who do not wish to nominate are liable to be rejected in the sole discretion of the AMC.

By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s). A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. Nomination will be not allowed in a folio held on behalf of a minor. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder.

A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. However, in such cases, the unit holder(s) cannot be

the guardian of the nominated minor. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.

Nomination can be made for maximum of three nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated against their name and such allocation / share should be in whole numbers without any decimals making a total of 100 percent. In the event of Unitholders not indicating the percentage of allocation / share for each of the nominees, the Mutual Fund / AMC, by invoking default option shall settle the claim equally amongst all the nominees.

Nomination in respect of the Units stands rescinded upon the redemption of Units. Every new nomination for a folio/account will overwrite the existing nomination. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination, the nomination shall stand rescinded and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee(s).

The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment to the Nominee(s). Transfer of Units / payment to the nominee(s) of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

Nomination in case of Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository. Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

ii. Prevention of Money Laundering and Know Your Customer (KYC) requirements:

Please refer note on 'Prevention of Money Laundering and Know Your Customer (KYC) requirements under section II - 'How to apply'.

iii. Transfer and Transmission of units:

The Mutual Fund will be repurchasing (subject to completion of Lock-in Period, if any) and issuing units of the Schemes on an ongoing basis and hence the transfer facility is found redundant. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission (transfer of units by operation of law) of Units and not transfer.

If a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence and submission of such documents, which in their opinion is sufficient, proceed

to effect the transfer, if the intended transferee is otherwise eligible to hold the Units.

Transmission to surviving unit holders in case of death of one or more unitholders:

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 Holder(s) (in the order in which the names appear in the register of Unit holders with the Registrar) on production of the following documents:

- a. Letter from surviving unitholders to the Fund / AMC requesting for transmission of units,
- b. Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager*,
- c. Bank Account Details of the new first unit holder along with attestation by a bank branch manager* or cancelled cheque or bank statement bearing the account details and account holders name.

Transmission in case of HUF, due to death of Karta:

The members of the HUF need to submit following documents for transmission due to death of Karta:

- a. Letter Requesting for change of Karta,
- b. Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager*.
- c. Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF
- d. Proof of KYC Compliance of the new Karta.
- e. Indemnity bond signed by all the surviving coparceners and new Karta.
- f. In case of no surviving co-parceners and the transmission amount is ₹ One Lakh or more or where there is an objection from any surviving members of the HUF, transmission will be effected only on the basis of any of the following mandatory documents:
 - Notarized copy of Settlement Deed, or
 - Notarized copy of Deed of Partition, or
 - Notarized copy of Decree of the relevant competent Court.

Transmission to registered nominee/s in case of death of Sole or All unit holders:

Units shall be transmitted in favour of the nominee (only upon death of all the Unit holders, in case of Joint holding) where the Unit holder/s have appointed a nominee upon production of the following documents:

- a. Letter from claimant nominee/s to the Fund / AMC requesting for transmission of units,
- b. Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager*,
- c. Bank Account Details of the new first unit holder as per specified format along with attestation by a bank branch manager* or cancelled cheque or bank statement bearing the account details and account holders name.
- d. KYC of the claimant/s,
- e. If the transmission amount is ₹ One Lakh or more: Indemnity duly signed and executed by the nominee/s in the specified format.

Transmission to claimant/s, where nominee is not registered, in case of death of Sole or All unit holders:

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 legal representative(s) on production of the following documents:

- a. Letter from claimant/s to the Fund / AMC / RTA requesting for transmission of units,
- b. Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager*,
- c. Bank Account Details of the new first unit holder along with attestation by a bank branch manager* or cancelled cheque bearing the account details and account holders name.
- d. Proof of KYC Compliance of the claimant/s,
- e. Indemnity Bond from legal heir/s.
- f. Individual affidavits from legal heir/s.
- g. If the transmission amount is below ₹ One Lakh: any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.
- h. If the transmission amount is ₹ One Lakh or more: Any one of the documents mentioned below:
 - Notarised copy of Probated Will, or
 - Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a competent court, or
 - Letter of Administration, in case of Intestate Succession.

** In case of certification by bank manager, the document should be certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number.*

It may, however, be noted that in the event of death of the Unit holder of open-ended equity linked savings schemes of the Fund, the nominee/ legal heir, subject to production of requisite documentary evidence to the satisfaction of the AMC, will be able to redeem the investment only after the completion of one year or any time thereafter, from the date of allotment of Units to the deceased Unit holder.

Note:

- a. Where the units are to be transmitted to a claimant who is a minor, various documents like KYC, PAN, Bank details, indemnity should be of the guardian of the nominee.
- b. The list of documents mentioned above is not exhaustive and the AMC reserves the right to seek such additional documents, as it deems fit.

Units held in Electronic (Demat) Mode:

For units of the Scheme(s) held in electronic (demat) form, the Units will be transferable (subject to lock-in period, if any) and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form.

iv. Duration of the Scheme/Winding up

a. Duration of the Scheme:

- **Close – ended Scheme(s):**

Each closed-ended Scheme/ Plan will have a maturity date / final redemption date and will be compulsorily and

without any act by the unit holder(s) redeemed on maturity date / final redemption date. On maturity / final redemption date of the Scheme/ Plan, the units will be redeemed at the Applicable NAV.

• **Open – ended Scheme(s):**

An Open-ended / Interval Scheme has a perpetual life. However in terms of SEBI (MF) Regulations, the Scheme may be wound up as provided in (b) below.

• **Close – ended Scheme(s) with automatic conversion into Open-ended Scheme upon maturity:**

Such scheme(s) will remain Close - ended for the period mentioned in the SID and subsequently the Scheme will automatically be converted into an Open- ended Scheme without any further reference from the Mutual Fund/ Trustee/ AMC/ Unit holders. Thereafter, the duration of the Scheme is perpetual. However in terms of SEBI (MF) Regulations, the Scheme may be wound up as provided in (b) below.

In case of Close-ended Scheme(s), the Mutual Fund may convert the Scheme/ Plans under the Scheme after the maturity date / final redemption date into an Open-ended Scheme/ Plan and this shall be in accordance with the SEBI (MF) Regulations.

The Units of Close-ended Scheme/ Plan may be converted into Open-ended Scheme,-

- if the Scheme Information Document (SID) / Offer Document (OD) of such Scheme discloses the option and the period of such conversion; or
- the Unit holders are provided with an option to redeem their units in full.

A Close-ended Scheme shall be fully redeemed at the end of the maturity period.

Provided that a Close ended Scheme may be allowed to be rolled over if the purpose, period and other terms of the roll over and all other material details of the Scheme including the likely composition of assets immediately before the roll over, the net assets and net asset value of the Scheme, are disclosed to the Unit holders and a copy of the same has been filed with SEBI.

Provided further, that such roll over will be permitted only in case of those Unit holders who express their consent in writing and the Unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holdings in full at net asset value based price.

b. Winding Up:

A Closed-ended Scheme/ Plan shall be wound up on the expiry of duration fixed in the Scheme/ Plan on the redemption of the Units unless it is rolled-over for a further period under sub-regulation (4) of regulation 33 of the SEBI (MF) Regulations.

- (i) A scheme of a Mutual Fund 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 scheme to be wound up; or
 - b. if seventy five per cent of the Unit holders of a Scheme pass a resolution that the Scheme be wound up; or
 - c. if SEBI so directs in the interest of the Unit holders.

Further in case of non-fulfilment of SEBI Circular SEBI/ IMD/CIR No. 10/22701/03 dated December 12, 2003 relating to Minimum Number of Investors in Scheme(s)/ Plans of Mutual Funds, the provisions of Regulation 39(2)

(c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable automatically without any reference from SEBI.

Accordingly, the Scheme(s) shall be wound up by following the guidelines laid down by SEBI.

- (ii) Where a Scheme is to be wound up pursuant to sub clause (i) above, the Trustee shall give notice disclosing the circumstances leading to the winding up of the Scheme:
 - a. to SEBI; and
 - b. in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating at the place where the Mutual Fund is formed.

Effect of Winding Up

On and from the date of the publication of the notice as stated above, the Trustee or the AMC as the case maybe, shall

- a. cease to carry on any business activities in respect of the Scheme so wound up;
- b. cease to create or cancel Units in the Scheme;
- c. cease to issue or redeem Units in the Scheme.

Procedure and manner of winding up

In the event of the Scheme being wound up, the AMC shall proceed as follows:

1. The Trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the Trustee or any other person / agency to take the steps for winding up of the Scheme.

Provided that a meeting of the Unit holders shall not be necessary if the Scheme is wound up at the end of the maturity period of the Scheme.

The Trustee or the person authorised as above, shall dispose off the assets of the Scheme concerned in the best interests of the Unit holders of that Scheme.

The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are due and payable under the Scheme and after making appropriate provision for meeting the expenses connected with such 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 the winding up was taken.

2. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
3. Notwithstanding anything contained herein, the provisions of SEBI (MF) Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.
4. After the receipt of report referred to in (2) above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

v. Unclaimed redemption and dividend amounts

SEBI has vide its circular dated November 24, 2000, asked Mutual Funds to follow the following guidelines:

The unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. It should be specifically noted that the AMC would make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

vi. Pledge of Units:

The Units under the respective Scheme(s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions (FI), non-banking finance companies (NBFCs) or any other Body Corporate for raising loans (subject to conditions of the lending institution), provided such a pledgee/ institution in whose favour pledge/lien is marked, is a SEBI registered/ any other Regulatory Body registered Intermediary. The AMC/Registrar will take note of such pledge (by marking a lien etc.) / charge in its records. A standard form for this purpose is available on request from any of the CSCs. Lien shall be marked only upon receipt of duly completed form and requisite documents. Disbursement of such loans will be at the entire discretion of the bank / FI / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the fund that the pledge/lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units (subject to lock-in period, if any of the concerned Scheme). Decision of the AMC shall be final in all cases of lien marking.

In case of Units held in electronic form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of the Units of the Scheme(s). Units held in electronic form can be pledged by completing the requisite forms/formalities as may be required by the Depository.

vii. Payment of Maturity Proceeds:

On maturity of the Scheme/respective Plan, the outstanding Units shall be redeemed at the NAV of the maturity date and proceeds will be paid to the Unitholders, without any further reference from the Unitholders. For the units held in electronic form, the units will be extinguished with the depository and the redemption amount will be paid on the maturity date, at the prevailing NAV on that date. The maturity amount will be paid to the Unitholders whose names appear on the Register of Unitholders on the respective maturity dates, at the prevailing NAV on that date.

viii. Suspension of Purchase and / or Redemption of Units and Dividend Distribution

The Mutual Fund at its sole discretion reserves the right to suspend purchase and / or redemption of Units, temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and /or suitable investment opportunities are not available for deployment of funds. The AMC, also reserves the right to suspend purchase of Units in the Scheme temporarily or indefinitely, if the AMC views that increasing the Scheme's size further may prove detrimental to the existing unit holders of the Scheme. However, the suspension of purchase /redemption either temporarily or indefinitely will be with the prior approval from the Board of Directors of AMC and the Trustee Company. The approval from the Board of Directors of AMC and the Trustee Company

giving details of the circumstances and justification for the proposed action shall be informed to SEBI in advance. Further, the AMC & Trustee may also decide to temporarily suspend determination of NAV of the Scheme(s), and consequently purchase/ redemption of Units, declaration and distribution of dividend in any of the following events:

- 1 When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays or trading is restricted.
- 2 When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.
- 3 In the event of a breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
- 4 During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial or detrimental to the interests of the Unitholders of the Scheme(s).
- 5 In case of natural calamities, strikes, riots and bandhs etc.
- 6 In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar or any of the CSCs.
- 7 During the period of Book Closure.
- 8 If so directed by SEBI.

In the above eventualities, the normal time taken, for processing of requests for purchase and / or redemption of Units and/or distribution of dividend will not be applicable. Further an order to purchase units is not binding on and may be rejected by the Trustee, the AMC or their respective agents until it has been confirmed in writing by the AMC or its agents and payment has been received.

Investors are requested to note that no redemption/ repurchase of units shall be allowed in a Close ended Scheme prior to the maturity of the Scheme. Unit holders who wish to exit may do so through the Stock Exchange mode.

ix . Right to limit Redemption:

The AMC may, in consultation with the Trustee, in the larger interest of the Unit holders of the Scheme and keeping in view the 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 issued and outstanding under any Scheme / Plan/ Option or such other percentage as the AMC may determine.

Unusual market conditions include, but not limited to, extreme volatility of the stock, fixed income and money markets, natural calamities, communication breakdowns, internal system breakdowns, strikes, bandhs, riots or other situations, where it considers that such suspension is necessary. In addition, the Trustee reserves the right, in its sole discretion, to limit Redemptions with respect to any single Investor/Unitholder to an amount upto ₹ 10 crore on a single Business Day.

Any Units which by virtue of these limitations 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,

Redemption will be made on pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day(s).

C. General Information

i. Power to Make Rules

The Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to the provisions of the Scheme(s) with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

ii. Power to Remove Difficulties

If any difficulty arises in giving effect to the provisions of the Scheme(s), the Trustee may do anything not inconsistent with such provisions, which appear to them to be necessary, desirable or expedient, for the purpose of removing such difficulty.

iii. Scheme(s) to be binding on Investors/Unitholders

In accordance with and subject to the Regulations, the Trustee may, from time to time, add to or otherwise vary or alter all or any of the features, and terms and conditions of the Scheme(s) / Fund, and wherever applicable, after obtaining the prior approval of SEBI and the Unitholders of the Scheme(s) / Fund and the same shall be binding on each Unitholder and any person(s) claiming through or under them as if each Unitholder or such person(s) expressly had agreed that such features, terms and conditions should be so binding.

iv. Underwriting by the Fund

Subject to the Regulations, the Scheme may enter into underwriting agreements only after the Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993, authorising it to carry on activities as underwriters.

The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the Scheme shall not at any time exceed the total net asset value of the Scheme.

v. Stock Lending and borrowing by the Mutual Fund

Subject to the SEBI Regulations as applicable from time to time, the Mutual Fund may, engage in Stock Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period.

Such investments shall be made when in view of the Fund Manager, such investments could provide reasonable returns commensurate with risks associated with such investments and shall be made in accordance with the investment objective of the Scheme. The AMC will adhere to strict limits should it engage in Stock Lending. The lending transactions may require procurement of collateral which would exceed in value, the value of the securities lent. The collateral can be in the form of cash, bank guarantee, government securities or certificate of deposits or other securities as may be agreed upon with the approved intermediary.

As with other modes of extensions of credit, there are risks inherent to stock lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure can result in the

possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity. The AMC with a view to enhance the returns of the Schemes, may increase exposure in stock lending activities as deemed fit from time to time.

If permitted by SEBI under extant regulations/guidelines, the scheme may also engage in stock borrowing. The Scheme may also enter into 'Repo/Reverse Repo' transactions, as may be permitted from time to time. Stock borrowing means the borrowing of stock from another person or entity for a fixed period of time, at a negotiated compensation. The securities borrowed will be returned to the lender on expiry of the stipulated period.

vi. Borrowing by the Mutual Fund

Under the Regulations, the Fund is allowed to borrow to meet the temporary liquidity needs of the Fund for the purpose of repurchase, redemption of Units or payment of interest or dividend to the Unitholders. Further, as per the Regulations, the Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months or as may be permitted by the Regulations from time to time. The Fund may raise such borrowings after approval by the Trustee from any of its Sponsors/Associate/Group companies/Commercial Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustee.

vii. Master Account / Folio:

As an investor friendly measure, unless otherwise requested by the Unit holder, one Folio Number will be assigned for one unit holder having holdings in different Scheme(s) of the Mutual Fund, provided the name of the unit holder/s and order of unit holders (in case of more than one unit holder), nominees and the mode of holding match. In such a case, one consolidated Account Statement will be provided. The number of Units allotted/ redeemed will be reflected in his or her account and a statement to this effect will be issued to the Unit holder. The AMC reserves the right to assign the existing Folio Number against multiple applications and / or subsequent purchases under a new application form by an existing holder, with identical mode of holding and address.

viii. Investments of the minor investor on attaining majority:

Upon attaining majority, a minor has to write to the fund, giving his specimen signature duly authenticated by his banker as well as his new bank mandate, PAN details, UIN details (if applicable as per prevalent SEBI Guidelines) in order to facilitate the Fund to update its records and permit the erstwhile minor to operate the account in his own right.

Prior to minor attaining majority, the Mutual Fund shall send an advance notice to the registered correspondence address advising the guardian and the minor to submit an application form along with prescribed documents to change the status of the account to "major".

The account shall be frozen for operation by the guardian on the day the minor attains the age of majority and the guardian will not be able to undertake any financial and non-financial transactions including fresh registration of STP,

SIP and SWP after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the Mutual Fund.

The Mutual Fund shall continue to process the existing standing instructions like SIP, STP, SWP registered prior to the minor attaining majority and will send an advance notice to the registered correspondence address advising the guardian and the minor that the existing standing instructions will continue to be processed beyond the date of the minor attaining majority till the time a instruction from the major to terminate the standing instruction is received by the Mutual Fund along with the prescribed documents. The standing instruction shall be terminated within 30 days from the date of receiving the instruction.

List of standard documents to change account status from minor to major as are follows:

- a. Services Request form, duly filled and containing details like name of major, folio numbers, etc.
- b. New Bank mandate where account changed from minor to major,
- c. Signature attestation of the major by a manager of a scheduled bank / Bank Certificate / Letter,
- d. Proof of KYC Compliance of the major.

ix. Change in Guardian:

When there is a change in guardian either due to mutual consent or demise of existing guardian, the following documents are required to be submitted prior to registering the new guardian:

- a. Request letter from the new guardian,
- b. No Objection Letter (NoC) or Consent Letter from existing guardian or Court Order for new guardian, in case the existing guardian is alive.
- c. Notarized copy or attested copy of the Death Certificate of the deceased guardian, where applicable. The attestation may also be done by a special executive magistrate, AMC authorised official or manager of a scheduled bank.
- d. The new guardian must be a natural guardian (i.e. father or mother) or a court appointed legal guardian.
 - In case of natural guardian, a document evidencing the relationship shall be obtained.
 - In case of court appointed legal guardian, supporting documentary evidence shall be obtained.
- e. Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian.
- f. Proof of KYC compliance of the new guardian.

x. Inter-Scheme Transfer of Investments:

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if

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

Explanation: "spot basis" shall have 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.

xi. Associate Transactions

The AMC may, from time to time, for the purpose of conducting its normal business, use the services of

and /or enter into transactions with the Sponsors, its associates / subsidiaries, established or to be established at a later date in case such an associate company (including its employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including its employees or relatives) on commercial terms and on arm's length basis to the extent permitted under the applicable laws / rules / regulations (including the SEBI Regulations), after an evaluation of the competitiveness of the pricing offered by the associate companies and the services to be provided by them.

The Scheme(s) of the Fund may invest in the securities of the group companies of the Sponsors subject to the limits under the Regulations.

Services of the group /associate companies may be used for broking, distribution, investment and other advice etc. (not an exhaustive list of activities).

The AMC has entered into an agreement with Union Bank of India (one of the Sponsors) for distribution of units of the Scheme(s) launched by the Fund from time to time. Also, the AMC shall have Banking relationships with Union Bank of India for the Schemes of the Mutual Fund.

The AMC has also entered into an agreement with KBC Asset Management NV, which is the holding company of KBC Participations Renta (one of the Sponsors) in relation to the Front Office System (Decalog) used by the AMC for management of deals.

Further, while dealing with the aforementioned associate companies, the Scheme will adhere to SEBI Regulations pursuant to which, Scheme(s) of Union KBC Mutual Fund shall not make any investment in:

- any unlisted security of an associate or group company of the Sponsors; or
- any security issued by way of private placement by an associate or group company of the Sponsors; or
- the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets of the Scheme.

Names of associates of the Sponsors or the Asset Management Company as on May 31, 2013 are as follows:

| Sr. No. | Name of the Associate Company / Firm |
|---------|--|
| 1. | KBC Asset Management NV |
| 2. | KBC Asset Management SA |
| 3. | KBC Participations Renta B |
| 4. | KBC Participations Renta C |
| 5. | KBC Participations Renta |
| 6. | KBC Fund Management Ltd |
| 7. | CSOB Asset Management a.s. |
| 8. | KBC TFI S.A. |
| 9. | Union KBC Asset Management Company Private Limited |
| 10. | Union KBC Trustee Company Private Limited |
| 11. | Prime Commodities Clearing Corporation Limited |
| 12. | Kashi Gomti Samyut Gramin Bank |
| 13. | MCX Stock Exchange |

| | |
|-----|---|
| 14. | Experian Credit Information Company Limited |
| 15. | National Payment Corporation of India |
| 16. | Union Bank of India |
| 17. | Union Bank Social Foundation Trust |
| 18. | Star Union Dai-ichi Life Insurance Company Limited |
| 19. | General Insurance Corporation of India - Re |
| 20. | Governing Body of Institute of Banking Personnel Selection (IBPS) |
| 21. | Oil India Limited |
| 22. | Orion Equity Advisors Private Limited |
| 23. | Orion Alternative Assets Private Limited |
| 24. | Fortune Securities Private Limited |
| 25. | MAC Insurance Broking Private Limited |
| 26. | Advance Knee Care Private Limited |
| 27. | Transstroy (India) Limited |
| 28. | M/s. Suresh Chandra & Associates |
| 29. | FINSEC Law Advisors |
| 30. | Legasis Services Private Limited |
| 31. | Voltas Limited |
| 32. | ARI Consolidated Investments Limited |
| 33. | INARCO Limited |
| 34. | Lifestyle International Private Limited |
| 35. | Hannover Re- Consulting Services India Pvt. Ltd |
| 36. | Universal Comfort Products Ltd |
| 37. | KBC Bank - India and South Asia Representative Office |
| 38. | KBC Bank NV |
| 39. | KBC Group NV |
| 40. | Valuesource Technologies Private Limited |
| 41. | Antwerp Diamont Bank NV ("Antwerpse Diamantbank NV") |
| 42. | Horizon N.V. with Access India Fund as sub-fund |

Dealings with associate companies

1. Investment in Associate / Group Companies of the Sponsor and the AMC by the Schemes:

The AMC will, before investing in the securities of the associate / group companies of the Sponsor and the AMC, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme.

2. Underwriting obligations undertaken by the Scheme(s) of the Fund with respect to issues of Associate Companies:

Union KBC Mutual Fund under its Scheme(s) may enter into underwriting contracts with respect to any public issues of securities made by any of the associate companies in accordance with the applicable regulatory requirements. Appropriate disclosures in relation to the same, shall be made, as required by the SEBI Regulations.

No underwriting obligations were undertaken by the Schemes of Union KBC Mutual Fund with respect to issue of securities by Associate Companies during the financial year ended March 31, 2012 and the financial year ended March 31, 2013.

3. Subscription by the Scheme(s) in issues lead managed by the associate companies:

The Scheme(s) of Union KBC Mutual Fund may subscribe to issues lead managed by the associate companies. Such subscriptions shall be in accordance with the applicable regulatory requirements. Disclosures pertaining to such subscriptions shall be made as required by the SEBI Regulations.

There were no subscriptions by the Schemes in issues lead managed by the Associate Companies during the financial year ended March 31, 2012 and the financial year ended March 31, 2013.

4. Brokerage and Commission paid to associates / related parties/ group companies of sponsor/ AMC

Union KBC Mutual Fund may utilise the services of the Sponsor / associate companies for broking and / or sale and distribution services. The Schemes of Union KBC Mutual Fund were launched in the financial year 2011-12.

Investments under the Scheme in the securities of the associate / group companies of the Sponsor will be subject to the limits under the Regulations.

Investments in Associates / Group Companies by the Schemes during the financial year ended March 31, 2012:

₹ in Crores

| Issuer | Scheme | Purchase | Sale | As on March 31, 2012 |
|-----------------------------------|-----------------------------|-------------|-------------|----------------------|
| Power Finance Corporation Limited | Union KBC Equity Fund | 1.60 | 0.39 | 1.29 |
| | Union KBC Dynamic Bond Fund | 5.06 | - | 4.99 |
| Total | | 6.66 | 0.39 | 6.28 |

Investments in Associates / Group Companies by the Schemes during the financial year ended March 31, 2013:

₹ in Crores

| Issuer | Scheme | Purchase | Sale | As on March 31, 2013 |
|-------------------------------------|---|--------------|-------------|----------------------|
| Power Finance Corporation Limited * | Union KBC Asset Allocation Fund- Moderate Plan | 5.00 | - | 5.08 |
| | Union KBC Equity Fund | - | 1.36 | - |
| | Union KBC Capital Protection Oriented Fund - Series 1 | 10.13 | - | 10.11 |
| | Union KBC Dynamic Bond Fund | - | 5.06 | - |
| Union Bank of India | Union KBC Capital Protection Oriented Fund - Series 2 | 4.85 | - | 4.89 |
| Total | | 19.98 | 6.42 | 20.07 |

* Power Finance Corporation Limited (PFCL) is not an associate w.e.f. 23.2.2013 and hence, the transactions thereafter pertaining to PFCL have not been incorporated.

Investments made by the Scheme in associate/ group companies are in accordance with the investment objectives of the Scheme.

Disclosure for the financial year 2011-12 is as follows:

Brokerage paid to associates/related parties/group companies of Sponsor/AMC:

| Name of associates / related parties / group companies of Sponsor / AMC | Nature of association / Nature of relation | Period Covered | Value of transaction (in ₹ Cr & % of total value of transaction of the Fund) | | Brokerage (₹ Cr. & % of total brokerage paid by the Fund) | |
|---|--|---------------------------|--|---|---|---|
| | | | ₹ Cr | % | ₹Cr | % |
| NIL | NIL | 1-Apr-2011 to 31-Mar-2012 | - | - | - | - |

Payment of Commission for Distribution and Sale of Units to associates/related parties/group companies of Sponsor/AMC by the Schemes:

| Name of associates / related parties / group companies of Sponsor / AMC | Nature of association / Nature of relation | Period Covered | Business given (₹ Cr & % of total business received by the Fund) | | Commission paid (₹ Cr. & % of total commission paid by the Fund) | |
|---|--|---------------------------|--|--------|--|--------|
| | | | ₹ Cr | % | ₹ Cr | % |
| Union Bank of India | Sponsor | 1-Apr-2011 to 31-Mar-2012 | | | | |
| Scheme Name | | | | | | |
| Union KBC Equity Fund | | | 179.88 | 85.16% | 0.7595 | 72.42% |
| Union KBC Liquid Fund | | | 1244.69 | 11.90% | 0.0826 | 7.88% |
| Union KBC Tax Saver Scheme | | | 34.16 | 99.27% | 0.0054 | 0.51% |
| Union KBC Dynamic Bond Fund | | | 56.59 | 74.58% | 0.0623 | 5.94% |
| Union KBC Fixed Maturity Plan - 92 Days - Series 1 | | | 10.68 | 34.85% | 0.0004 | 0.04% |
| Union KBC Fixed Maturity Plan - 92 Days - Series 2 | | | 5.90 | 22.91 | 0.0007 | 0.07% |

Disclosure for the financial year 2012-13 is as follows:

Brokerage paid to associates/related parties/group companies of Sponsor/AMC:

| Name of associates / related parties / group companies of Sponsor / AMC | Nature of association / Nature of relation | Period Covered | Value of transaction (in ₹ Cr & % of total value of transaction of the Fund) | | Brokerage (₹ Cr. & % of total brokerage paid by the Fund) | |
|---|--|----------------|--|---|---|---|
| | | | ₹ Cr | % | ₹Cr | % |
| NIL | | | | | | |

Payment of Commission for Distribution and Sale of Units to associates/related parties/group companies of Sponsor/AMC by the Schemes:

| Name of associates / related parties / group companies of Sponsor / AMC | Nature of association / Nature of relation | Period Covered | Business given (₹ Cr & % of total business received by the Fund) | | Commission paid (₹ Cr. & % of total commission paid by the Fund) | |
|---|--|--|--|-------|--|--------|
| | | | ₹ Cr | % | ₹ Cr | % |
| Union Bank of India | Sponsor | For the year/ period ended March 31,2013 | | | | |
| Scheme Name | | | | | | |
| Union KBC Equity Fund | | | 17.97 | 59.38 | 0.83 | 97.23 |
| Union KBC Liquid Fund | | | 1,064.56 | 1.88 | 0.22 | 39.53 |
| Union KBC Tax Saver Scheme | | | 4.80 | 93.42 | 0.06 | 99.24 |
| Union KBC Dynamic Bond Fund | | | 39.31 | 54.90 | 0.47 | 97.19 |
| Union KBC Ultra Short Term Debt Fund | | | 25.49 | 2.19 | 0.01 | 40.14 |
| Union KBC Asset Allocation Fund - Moderate Plan | | | 73.80 | 99.60 | 0.36 | 100.00 |
| Union KBC Asset Allocation Fund - Conservative Plan | | | 72.46 | 98.35 | 0.13 | 100.00 |
| Union KBC Capital Protection Oriented Fund - Series - 1 | | | 81.83 | 98.46 | 0.38 | 99.63 |
| Union KBC Capital Protection Oriented Fund - Series - 2 | | | 54.39 | 99.64 | 0.06 | 99.83 |
| Union KBC Fixed Maturity Plan - Series 6 | | | 0.12 | 0.31 | 0.0001 | 100.00 |

* Above amount is inclusive of transaction charges.

5. Payment of Bank Charges to Associates by the Schemes:
FY 2011-12

| Name of associates/related parties/ group companies of Sponsor/AMC | Nature of Association/ Nature of relation | Period covered | Bank Charges Paid (₹) |
|---|--|---------------------------|--------------------------|
| Union Bank of India | Sponsor | 1-Apr-2011 to 31-Mar-2012 | |
| By Scheme: | | | |
| Union KBC Equity Fund | | | 273,263 |
| Union KBC Liquid Fund | | | 17,098 |
| Union KBC Tax Saver Scheme | | | 136,665 |
| Union KBC Dynamic Bond Fund | | | 33,098 |
| Union KBC Fixed Maturity Plan - 92 Days - Series 1 | | | 115 |
| Union KBC Fixed Maturity Plan - 92 Days - Series 2 | | | 151 |

FY 2012-13

| Name of associates/related parties/ group companies of Sponsor/AMC | Nature of Association/ Nature of relation | Period covered | Bank Charges Paid (₹) |
|---|--|---------------------------|--------------------------|
| Union Bank of India | Sponsor | 1-Apr-2012 to 31-Mar-2013 | |
| Scheme Name | | | |
| Union KBC Equity Fund | | | 2,17,687 |
| Union KBC Liquid Fund | | | 22,407 |
| Union KBC Tax Saver Scheme | | | 60,400 |
| Union KBC Dynamic Bond Fund | | | 75,163 |
| Union KBC Ultra Short Term Debt Fund | | | 6,610 |
| Union KBC Asset Allocation Fund - Moderate Plan | | | 1,60,461 |
| Union KBC Asset Allocation Fund - Conservative Plan | | | 11,739 |
| Union KBC Capital Protection Oriented Fund Series - 1 | | | 470 |
| Union KBC Capital Protection Oriented Fund Series - 2 | | | 49,010 |
| Union KBC Fixed Maturity Plan - Series 6 | | | 136 |

6) Payment of interest on borrowings:
Borrowing during FY 2012- 2013 is as follows:

| Name of associates/related parties / group companies of Sponsor /AMC | Nature of association / Nature of relation | Scheme Name | Interest paid by Scheme (amount in ₹) | Date of Borrowing |
|--|---|-----------------------|--|----------------------|
| Union Bank of India | Sponsor | Union KBC Liquid Fund | 19,05,753 | March 28, 2013 |

In order to meet temporary liquidity needs for the purpose of redemption of units, during the year, Union KBC Liquid Fund, in accordance with the Regulation 44(2) of SEBI (Mutual Funds) Regulations, 1996, has borrowed within the regulatory limit of 20% of the net assets of the Scheme and repaid these amounts within the prescribed regulatory time limit.

Borrowing during FY 2011-2012: Nil
xii. Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at, 7th Floor, Piramal Towers. Peninsula Corporate Park. Ganpatrao Kadam Marg, Lower Parel (West). Mumbai - 400013 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

xiii. Investor Services and Investor Grievances Redressal Mechanism

Investors may contact the Customer Service Centres (CSCs) of the AMC or the Registrar for any queries/ clarifications/ information or for lodging any service requests at 18002002268 (toll free no.) or at 022 2483 3333 or email at investorcare@unionkbc.com. Some service requests can be processed only upon receipt of a written request with required supporting documents.

In order to protect confidentiality of information, the customer service representatives may require personal information of the investor for verification of the investor's identity.

All grievances will be forwarded to the Registrar, if required, for necessary action. The AMC will at all times endeavour to handle transactions efficiently and resolve investor grievances promptly and will be closely follow up with the Registrar to ensure timely redressal and prompt investor service.

Investors can also contact the Investor Relations Officer of the AMC as per the below given details:

Mr. Joseph Idichandy - Investor Relations Officer

7th Floor, Piramal Tower, Peninsula Corporate Park,

Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400013

Phone:022-24833333 • e-mail: investorcare@unionkbc.com

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

It may be noted that all grievances/ complaints with regard to demat mode of holding shall be routed only through the DP/NSDL/CDSL.

Investors' Complaints History

Given below is the status of Investor Complaints received since inception of the Schemes till March 31, 2012:

| Scheme name | Since inception of the Schemes to March 31, 2012 | | |
|--|--|--------------------------------|------------------------------|
| | Number of complaints Received | Number of complaints Redressed | Number of complaints Pending |
| Union KBC Equity Fund | 70 | 70 | 0 |
| Union KBC Liquid Fund | 1 | 1 | 0 |
| Union KBC Fixed Maturity Plan - 92 Days - Series 1 | 0 | 0 | 0 |
| Union KBC Fixed Maturity Plan - 92 Days - Series 2 | 0 | 0 | 0 |
| Union KBC Tax Saver Scheme | 0 | 0 | 0 |
| Union KBC Dynamic Bond Fund | 0 | 0 | 0 |
| Total | 71 | 71 | 0 |

Given below is the status of Investor Complaints received during the period April 1, 2012 to March 31, 2013:

| Scheme name | April 1, 2012 to March 31, 2013 | | |
|---|---------------------------------|--------------------------------|------------------------------|
| | Number of complaints Received | Number of complaints Redressed | Number of complaints Pending |
| Union KBC Equity Fund | 26 | 26 | 0 |
| Union KBC Liquid Fund | 5 | 5 | 0 |
| Union KBC Tax Saver Scheme | 10 | 10 | 0 |
| Union KBC Dynamic Bond Fund | 6 | 6 | 0 |
| Union KBC Ultra Short Term Debt Fund | 1 | 1 | 0 |
| Union KBC Asset Allocation Fund - Moderate Plan | 36 | 36 | 0 |
| Union KBC Capital Protection Oriented Fund Series 1 | 20 | 20 | 0 |
| Union KBC Asset Allocation Fund - Conservative Plan | 27 | 27 | 0 |
| Union KBC Capital Protection Oriented Fund Series 2 | 16 | 16 | 0 |
| Union KBC Fixed Maturity Plan - Series 6 | 1 | 1 | 0 |
| Total | 148 | 148 | 0 |

"Given below is the status of Investor Complaints received during the period April 1, 2013 to May 31, 2013:

| Scheme name | April 01, 2013 to May 31, 2013 | | |
|---|--------------------------------|--------------------------------|------------------------------|
| | Number of complaints Received | Number of complaints Redressed | Number of complaints Pending |
| Union KBC Equity Fund | 7 | 7 | 0 |
| Union KBC Liquid Fund | 0 | 0 | 0 |
| Union KBC Tax Saver Scheme | 1 | 1 | 0 |
| Union KBC Dynamic Bond Fund | 0 | 0 | 0 |
| Union KBC Ultra Short Term Debt Fund | 0 | 0 | 0 |
| Union KBC Asset Allocation Fund - Moderate Plan | 6 | 6 | 0 |
| Union KBC Capital Protection Oriented Fund Series 1 | 1 | 1 | 0 |
| Union KBC Asset Allocation Fund - Conservative Plan | 0 | 0 | 0 |
| Union KBC Capital Protection Oriented Fund Series 2 | 6 | 6 | 0 |
| Union KBC Fixed Maturity Plan - Series 6 | 0 | 0 | 0 |
| Union KBC Fixed Maturity Plan Series- 7 | 1 | 1 | 0 |
| Total | 22 | 22 | 0 |

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.

For and on behalf of Union KBC Asset
Management Company Private Limited

Sd/-

Place: Mumbai

Date: June 28, 2013

G Pradeepkumar
Chief Executive Officer