kotak Mutual Fund

Think Investments. Think Kotak.®

SCHEME INFORMATION DOCUMENT (SID)

SECTION I

KOTAK NIFTY MIDCAP 50 ETF

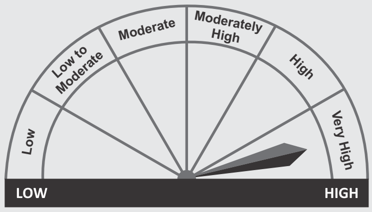
An open ended scheme replicating / tracking NIFTY Midcap 50 Index

NSE Symbol: MIDCAP

This product is suitable for investors who are seeking*:

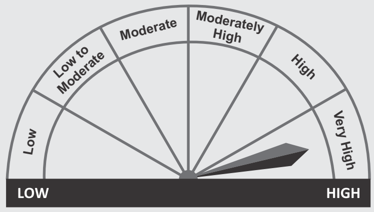
- Long-term capital appreciation
- Investment in stocks comprising the underlying index and endeavours to track the benchmark index, subject to tracking errors

Scheme Riskometer



Investors understand that their principal will be at very high risk

Benchmark Riskometer



Investors understand that their principal will be at very high risk

Nifty Midcap 50 Index (Total Return Index)

* Investors should consult their financial advisors if in doubt about whether the product is suitable for them

(The above risk-o-meter is based on the scheme portfolio as on October 31, 2024. An addendum may be issued or updated in accordances with provisions of Para 17.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 on an ongoing basis on the website viz. www.kotakmf.com)

Continuous Offer for Units at NAV based prices

Scheme Re-opens on: February 04, 2022

Name of Mutual Fund	**Kotak Mahindra Mutual Fund**
Name of Asset Management Company	**Kotak Mahindra Asset Management Company Ltd** **CIN: U65991MH1994PLC080009**
Name of Trustee Company	**Kotak Mahindra Trustee Company Ltd** **CIN: U65990MH1995PLC090279**
Registered Address of the Companies	**27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051**
Corporate Office Address of Asset Management Company	**2nd Floor, 12-BKC, Plot No. C-12, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051**
Website	**www.kotakmf.com**

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

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

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Kotak Mahindra Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on www.kotakmf.com

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

The Scheme Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated November 29, 2024.

NSE Disclaimer –

"As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/5322 dated July 01, 2021 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund. Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

TABLE OF CONTENTS

Part I. HIGHLIGHTS/SUMMARY OF THE SCHEME

Sr. No.	Title	Description
I.	**Name of the scheme**	Kotak Nifty Midcap 50 ETF
II.	**Category of the Scheme**	Other - ETFs
III.	**Scheme type**	An open-ended scheme replicating/tracking NIFTY Midcap 50 Index
IV.	**Scheme code**	KOTM/O/O/EET/21/10/0069
V.	**Investment objective**	The investment objective of the scheme is to replicate the composition of the NIFTY Midcap 50 Index and to generate returns that are commensurate with the performance of the NIFTY Midcap 50 Index, subject to tracking errors. **However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.**
VI.	**Liquidity/listing details**	**<u>Liquidity:</u>** The Units of the Scheme can be purchased/ redeemed on a continuous basis on the Stock Exchanges during the trading hours like any other publicly listed security. The AMC shall appoint at least two Market Makers (MMs), who are members of the Stock Exchanges, for ETFs to provide continuous liquidity on the stock exchange platform by providing two-way quotes in the units of the Scheme during trading hours. Ongoing purchases / redemptions directly from the Mutual Fund would be restricted to Market Makers and Large Investors (subject to transactions greater than INR 25 crores or such other amount as may be specified by SEBI from time to time) provided the value of units to be purchased / redeemed is in creation unit size or multiples thereof. The aforesaid limit of Rs.25 crores is not applicable for Market Makers. Market Makers / Large Investors may exchange Portfolio Deposit / cash equivalent to the portfolio deposit and applicable cash component and transaction handling charges for Purchase / Redemption of Units of the Scheme in 'Creation Unit' size or in multiples thereof directly from the Mutual Fund, as defined by the Scheme for that respective Business Day. Unit holdings in less than the Creation Unit size can normally only be sold through the secondary market, except in situations mentioned under 'Exit opportunity in case of ETF for investors other than Market Makers and Large Investors' in the SID Depending on the market volatility, liquidity conditions and any other factors, the AMC may, at its sole discretion, decide to accept subscription/redeem Units of the Scheme either in "Cash", "in-kind"/Portfolio Deposit (through slice of the entire Portfolio excluding G-Sec, TREPS and Repo in Government Securities) or the combination of both, subject to SEBI (MF) Regulations and circulars issued thereunder from time to time

		Listing: The units of the Scheme will be listed on NSE. The AMC reserves the right to list the units on other exchanges. AMC has proposed to engage MM/LI for creating liquidity for ETFs in the stock exchange so that investors are able to buy or redeem units on the stock exchange using the services of a stockbroker.
VII.	**Benchmark (Total Return Index)**	The performance of the Scheme is measured against Nifty Midcap 50 TRI (Total Return Index) **Benchmark Rationale –** As the Scheme is an Exchange Traded Fund and would replicate/track the securities constituting Nifty Midcap 50 Index (TRI), the said Index is most suited for comparing the performance of the Scheme.
VIII.	**NAV disclosure**	The NAVs of the Scheme will be calculated and disclosed on every Business Day on the website of the Kotak Mahindra Mutual Fund viz www.kotakmf.com and AMFI's website www.amfiindia.com by 11.00 p.m. For further details, refer Section II.
IX.	**Applicable timelines**	**Dispatch of redemption proceeds** The Mutual Fund shall initiate payment of redemption or repurchase proceeds to the unitholders within three working days from the date of redemption or repurchase. In case of exceptional situations listed in AMFI Circular No. AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, the scheme shall be allowed additional timelines for transfer of redemption or repurchase proceeds to the unitholders. **Dispatch of IDCW** The Income Distribution cum capital withdrawal (IDCW) payments shall be dispatched to the unitholders within seven working days from the record date.

<table>
<tr><td>X.</td><td>Plans and Options
Plans/Options and sub options under the Scheme</td><td>Presently, the Scheme does not offer any Plans/Options for investment.</td></tr>
<tr><td>XI.</td><td>Load Structure</td><td>Exit Load: Nil</td></tr>
<tr><td>XII.</td><td>Minimum Application Amount/switch in</td><td>(a) Ongoing purchases directly from the Mutual Fund would be restricted to Market Makers and Large Investors (subject to transactions greater than INR 25 crores or such other amount as may be specified by SEBI from time to time) provided the value of units to be purchased is in creation unit size or multiples thereof. The aforesaid limit of Rs.25 crores is not applicable for Market Makers. Market Makers / Large Investors may exchange Portfolio Deposit / cash equivalent to the portfolio deposit and applicable cash component and transaction handling charges for Purchase of Units of the Scheme in ‘Creation Unit’ size or in multiples thereof directly from the Mutual Fund, as defined by the Scheme for that respective Business Day. Units may be allotted only on realization of the full consideration for creation unit and at the value at which the underlying stocks for the creation unit is purchased against that purchase request.

NAV for continuous offer
<table>
<tr><td>Value of portfolio deposit (basket of securities) in creation unit size</td><td>1</td><td>2564615</td></tr>
<tr><td>Price of 1 unit portfolio creation</td><td>2</td><td>73.2747</td></tr>
<tr><td>Cash Component (say)</td><td>3</td><td>7044.75</td></tr>
<tr><td>Net Assets</td><td>4=(1+3)</td><td>2571660</td></tr>
<tr><td>No. of units in creation unit</td><td>5</td><td>35000</td></tr>
<tr><td>NAV per unit</td><td>6=(4/5)</td><td>73.4760</td></tr>
</table>

Note
1. In addition to the NAV, any person transacting with the fund wil have to reimburse transaction handling charges - brokerage, STT NSDL charges etc.
2. Transaction handling charges payable by the investor is pe creation request and will be as determined by the AMC at the tim of transaction. For transactions by Market Makers / large investor directly with the AMCs intra-day NAV, based on the execute price at which the securities representing the underlying index ar purchased, shall be applicable along with applicable cas component and transaction charges.

3. The above creation unit is for 35000 units of Kotak Nifty Midcap 50 ETF which is minimum lots size for creation

(a) The units are listed on NSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day.</td></tr>
</table>

		(b) The AMC shall appoint at least two Market Makers, who are members of the Stock Exchanges, for ETFs to provide continuous liquidity on the stock exchange platform by providing two-way quotes in the units of the Scheme during trading hours. (c) The AMC reserves the right to list the units of the scheme on any other exchange, in future. (d) Unit holdings in less than the Creation Unit size can normally only be sold through the secondary market, except in situations mentioned under 'Exit opportunity in case of ETF for investors other than Market Makers and Large Investors' in the SID. (e) Any Transaction placed for redemption or subscription directly with the AMC must be greater than INR 25 crores or such other amount as may be specified by SEBI from time to time and shall be at intra-day NAV based on the actual execution price of the underlying portfolio. The aforesaid threshold shall not be applicable for MMs. **Switches:** Switches are not allowed under the scheme.
XIII.	**Minimum Additional Purchase Amount**	Not Applicable
XIV.	**Minimum Redemption/switch out amount**	**Minimum Redemption Amount:** All investors including Market Makers, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange Mutual Fund will repurchase units from Market Makers and Large Investors on any business day in creation units size. RTGS/ NEFT / Transfer cheque
XV.	**New Fund Offer Period** This is the period during which a new scheme sells its units to the investors.	This does not apply to the scheme, as the ongoing offer of the Scheme has commenced after the NFO period, and the units are available for continuous subscription and redemption.
XVI.	**New Fund Offer Price:** This is the price per unit that the investors have to pay to invest during the NFO.	This does not apply to the scheme, as the ongoing offer of the Scheme has commenced after the NFO period, and the units are available for continuous subscription and redemption.
XVII.	**Segregated portfolio/side pocketing disclosure**	Segregated Portfolio has been enabled in the scheme. For Details, kindly refer SAI
XVIII	**Swing pricing disclosure**	Not Applicable
XIX.	**Stock lending/short selling**	Stock lending has been enabled in the scheme. For Details, kindly refer SAI Short Selling has not been enabled in the Scheme.
XX.	**How to Apply and other details**	Application form and Key Information Memorandum may be obtained from the offices of AMC or Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs)of the Registrar or

		distributors or downloaded from www.kotakmf.com. Investors are also advised to refer to Statement of Additional Information before submitting the application form. The list of the Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of the Mutual Fund will be available on the website www.kotakmf.com. Purchase from Stock Exchanges (applicable for Market Makers, Large Investors and other investor). An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However, there would be cost of brokerage and other transactions costs (like stamp duty) payable to broker or sub-broker of the exchange. All cheques should be crossed "Account Payee Only" and drawn in favour of the scheme viz: Kotak Nifty Midcap 50 ETF The AMC/ Trustee reserves the right to reject any application inter alia in the absence of fulfillment of any regulatory requirements, fulfillment of any requirements as per the SID, incomplete/incorrect documentation and not furnishing necessary information to the satisfaction of the Mutual Fund/AMC. Investors are also advised to refer to Statement of Additional Information before submitting the application form. For Further details refer section II.

XXI.	**Investor services**	• Contact details for general service requests: 18003091490 / 044-40229101 (Monday to Friday between 9.30am to 6.00 pm & Saturday between 9.30am to 12.30pm) https://www.kotakmf.com/feedback/customer • Contact details for complaint resolution: Ms. Sushma Mata, Investor Relations Officer Kotak Mahindra Asset Management Company Limited, 6th Floor, Kotak Towers, Building No.21, Infinity Park, Off: Western Express Highway Goregaon - Mulund Link Road, Malad (East), Mumbai 400097 Phone Number: 18003091490 / 044-40229101 Fax: 6708 2213 e-mail: https://info.kotakmf.com/write-to-us or WhatsApp us by sending us "Hi" at 9321884488. For portfolio valuation, give a missed call to 7039055555
XXII	**Special product/facility available during the NFO and on ongoing basis**	Not Applicable.
XXIII.	**Weblink**	Link for Total Expense Ratio (TER) last 6 months, Daily TER as well as - https://www.kotakmf.com/Information/TER Link for scheme factsheet - https://www.kotakmf.com/Information/statutory-disclosure/information

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

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

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

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

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

(v) The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct

(vi) A confirmation that the AMC has complied with the compliance checklist applicable for Scheme Information Documents and other than cited deviations/ that there are no deviations from the regulations

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

(viii) The Trustees have ensured that the Kotak Nifty Midcap 50 ETF approved by them is a new product offered by Kotak Mahindra Mutual Fund and is not a minor modification of any existing scheme/fund/product.

Date: November 29, 2024
Place: Mumbai

Name: Jolly Bhatt
Designation: Compliance Officer

Part II. INFORMATION ABOUT THE SCHEME

A. How Will the Scheme Allocate Its Assets?

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Equity and Equity related securities covered by the Nifty Midcap 50 Index	95%	100%
Debt & Money Market Instruments#	0%	5%

Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 5% of net assets of the scheme. This will also include various derivative and hedging products to reduce the risk of the portfolio, in the manner permitted by SEBI from time to time.

#Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts may be up to 50% of Debt and Money Market instruments. This will also include margin money for derivative transactions.

#Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.

The scheme may invest upto 100% of debt and money market instruments in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

The scheme may participate in the corporate bond repo transactions upto 100% of Debt and Money Market instruments and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.

The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives) and repo transactions in corporate debt securities, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme.

<u>Investment in debt instruments having structured obligations / credit enhancements:</u>
The investment of the Scheme in the following instruments shall not exceed 10% of the debt portfolio of the Scheme and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the Scheme:-

- Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade; and –
- Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade

The Scheme does not intend to invest in Foreign securities/ADR & GDR.

The Scheme does not intend to engage in credit default swaps and short selling of securities.

The Scheme shall not invest in debt instruments with special features as referred to in Para 9.4, 4.4.4, 12.7.2 of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024.

Subject to SEBI (MF) Regulations and in accordance with Securities Lending Scheme, 1997, Para 12.11 of SEBI Master circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, as amended from time to time, the Trustee may permit the Fund to engage in securities lending and borrowing. At present, since only lending is permitted, the fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Scheme will lend securities subject to a maximum of 20%, in aggregate, of the net assets of the Scheme and 5% of the net assets of the Scheme in the case of a single intermediary.

As per para 3.4 of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, in order to address the risk related to portfolio concentration in the Scheme, the underlying index for this scheme shall comply with the following:

i. The index shall have a minimum of 10 stocks as its constituents.
ii. For a sectoral/ thematic Index, no single stock shall have more than 35% weight in the index. For other than sectoral/ thematic indices, no single stock shall have more than 25% weight in the index.
iii. The weightage of the top three constituents of the index, cumulatively shall not be more than 65% of the Index.
iv. The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

Accordingly, the underlying Index shall ensure that such index complies with the aforesaid norms.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sl. no	Type of Instrument	Percentage of exposure (Maximum)	Circular references*
1.	Securities Lending	Aggregate - 20% of net assets of the Scheme Single intermediary - 5% of the net assets of the Scheme	Para 12.11.2.1 of Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024
2.	Units of Mutual Fund	5% of net assets of the Scheme	Clause 4 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996
3.	Equity derivatives	5% of the net assets of scheme.	Para 7.5 and 12.25 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024
4.	Securitised debts	50% of Debt and Money Market instruments	Clause 1 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996
5.	corporate bond repo transactions	100% of Debt and Money Market instruments	Para 12.18 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024
6.	Investment in debt instruments having structured obligations / credit enhancements	10% of debt portfolio at scheme level 5% of debt portfolio per group	Para 12.3 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated

			June 27, 2024.
7.	Foreign securities/ADR & GDR.	The Scheme shall not invest in Foreign securities/ADR & GDR.	N.A.
8.	Credit default swaps	The Scheme shall not invest in Credit default swaps	N.A.
9.	Short selling of securities.	The Scheme shall not invest in Short selling of securities.	N.A.
10.	Debt instruments with special features as referred to in Para 9.4, 4.4.4, 12.7.2 of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024	The Scheme shall not invest in Debt instruments with special features.	N.A.

Portfolio Rebalancing:
Pursuant to Para 3.6.7 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, in case of change in constituents of the index due to periodic review, the portfolio of the scheme will be rebalanced within 7 calendar days.

Short term defensive consideration:
Subject to Para 1.14.1.2 of SEBI Master circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 and circulars issued thereunder, the asset allocation pattern indicated above may change for a short term period on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be rebalanced within 7 calendar days from the date of deviation.

B. Where Will the Scheme Invest?

The net assets of the Scheme will be invested in stocks tracking NIFTY Midcap 50 Index and / or its exchange traded derivatives. This would be done by investing in all the stocks comprising the NIFTY Midcap 50 in the same weightage that they represent in the NIFTY Midcap 50 Index. A small portion of the net assets will be invested in money market instruments permitted by SEBI / RBI including (CPs, CDs, T-bills, Mibor linked instruments with daily Put/Call options & overnight Interest rate Reset Linked Instruments) as may be provided by the RBI, to meet the liquidity requirements of the Scheme.

The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the Regulations.

C. What Are the Investment Strategies?

To achieve the investment objective, the scheme will follow passive investment strategy with investments in stocks in the same proportion as in NIFTY Midcap 50 Index. The investment strategy would revolve around reducing the tracking error to the least possible through rebalancing of the portfolio, considering the change in weights of stocks in the index as well as the incremental collections/redemptions from the Scheme.

A small portion of the net assets will be held as cash or will be invested in debt and money market instruments permitted by SEBI/RBI including TREPS or in alternative investment for the TREPS as may be provided by the RBI, to meet the liquidity requirements under the Scheme. Risk mitigation measures for portfolio volatility and portfolio concentration:

ETF Scheme being a passive investment carries lesser risk as compared to active fund management. The portfolio follows the index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Thus, there is no additional element of volatility or stock concentration on account of fund manager decisions.

Portfolio Turnover

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. The scheme being a passively managed open-ended exchange traded fund, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Hence, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in the Index. The Scheme has no specific target relating to portfolio turnover.

D. How Will the Scheme Benchmark Its Performance?

The performance of Kotak Nifty Midcap 50 ETF is benchmarked against the Nifty Midcap 50 Index (Total Return Index)

As the Scheme is an Exchange Traded Fund and would replicate/track the securities constituting Nifty Midcap 50 Index (TRI), the said Index is most suited for comparing the performance of the Scheme.

E. Who Manages the Scheme?

Mr. Devender Singhal, Mr. Abhishek Bisen and Mr. Satish Dondapati are the designated fund managers of the scheme.

Name	Age	Qualification	Business Experience	Schemes Managed
Mr. Devender Singhal	46 years	PGDM (Finance, Insurance) Mathematics (Hon) Delhi University	Mr. Devender Singhal is managing the equity funds for Kotak AMC since Aug 2015. He is managing assets across multicap and hybrid strategies. He has more than 23 years of experience in fund management and equity research of which last 17 years has been with Kotak. Prior to joining Kotak AMC,	• Kotak Nifty 50 Value 20 ETF • Kotak Nifty Bank ETF • Kotak Multi Asset Allocator Fund of Fund – Dynamic • Kotak Nifty PSU Bank ETF • Kotak Nifty 50 ETF • Kotak Nifty IT ETF

Name	Age	Qualification	Business Experience	Schemes Managed
			He has been part of various PMS like Kotak, Religare, Karvy and P N Vijay Financial Services.	• Kotak NIFTY 50 Index Fund • Kotak NIFTY Next 50 Index • Kotak Equity Savings Fund • Kotak Multicap Fund • Kotak NIFTY Alpha 50 ETF • Kotak Nifty Midcap 50 ETF • Kotak Nifty 100 Low Volatility 30 ETF • Kotak Nifty India Consumption ETF • Kotak Nifty MNC ETF • Kotak BSE Sensex ETF • Kotak Nifty 200 Momentum 30 Index Fund • Kotak Nifty Financial Services Ex-Bank Index Fund • Kotak BSE Housing Index Fund • Kotak Multi Asset Allocation Fund • Kotak Consumption Fund • Kotak Nifty Smallcap 50 Index Fund • Kotak Nifty 100 Low Volatility 30 Index Fund • Kotak Special Opportunities Fund • Kotak BSE PSU Index Fund • Kotak Nifty Midcap 50 Index Fund • Kotak Nifty India Tourism Index Fund

Name	Age	Qualification	Business Experience	Schemes Managed
				• Kotak Nifty Midcap 150 Momentum 50 Index Fund.
Mr. Satish Dondapati	45Years	MBA (Finance)	Mr. Satish Dondapati has over 16 years of experience in ETF's. He joined Kotak AMC in March 2008 in Product's Department. Prior to joining Kotak AMC, he was in the MF Product Team of Centurion Bank Of Punjab	• Kotak Nifty 50 Value 20 ETF • Kotak Nifty Bank ETF • Kotak Nifty 50 ETF • Kotak Nifty PSU Bank ETF • Kotak Nifty IT ETF • Kotak NIFTY 50 Index Fund • Kotak NIFTY Next 50 Index Fund • Kotak NIFTY Alpha 50 ETF • , Kotak Nifty Midcap 50 ETF • Kotak Nifty 100 Low Volatility 30 ETF • Kotak Nifty India Consumption ETF • Kotak Nifty MNC ETF • Kotak Nifty 1D Rate Liquid ETF • Kotak BSE Sensex ETF • Kotak Nifty Smallcap 50 Index Fund • Kotak Nifty 200 Momentum 30 Index Fund • Kotak Nifty Financial Services Ex-Bank Index Fund • Kotak BSE Housing Index Fund • Kotak Nifty 100 Low Volatility 30 Index Fund • Kotak BSE PSU Index Fund

Name	Age	Qualification	Business Experience	Schemes Managed
				• Kotak Nifty Midcap 50 Index Fund • Kotak Nifty India Tourism Index • Nifty Midcap 150 Momentum 50 Index Fund
Mr. Abhishek Bisen	45 Years	B A Management, MBA Finance EPAF- IIM-C	Mr. Abhishek Bisen has been associated with the company since October 2006 and his key responsibilities include fund management of debt schemes. Prior to joining Kotak AMC, Abhishek was working with Securities Trading Corporation of India Ltd where he was looking at Sales & Trading of Fixed Income Products apart from doing Portfolio Advisory. His earlier assignments also include 2 years of merchant banking experience with a leading merchant banking firm.	• Kotak Equity Hybrid Fund • Kotak Debt Hybrid Fund • Kotak Bond Fund • Kotak Gilt Fund • Kotak Equity Savings Fund • Kotak Gold Fund • Kotak Multi Asset Allocator Fund of Fund – Dynamic • Kotak Gold ETF • Kotak Balanced Advantage Fund • Kotak NASDAQ 100 FUND OF FUND • Kotak Multicap Fund • Kotak NIFTY Alpha 50 ETF • Kotak NIFTY 50 Index Fund • Kotak Nifty Midcap 50 ETF • KOTAK NIFTY SDL APR 2027 TOP 12 EQUAL WEIGHT INDEX FUND • KOTAK NIFTY SDL APR 2032 TOP 12 EQUAL WEIGHT INDEX FUND • Kotak Manufacture in India Fund • Kotak Nifty India Consumption ETF • Kotak Nifty MNC ETF

Name	Age	Qualification	Business Experience	Schemes Managed
				• Kotak Nifty 100 Low Volatility 30 ETF • Kotak Banking and PSU Debt Fund • Kotak Bond Short Term Fund • Kotak Dynamic Bond Fund • Kotak Business Cycle Fund • Kotak Income Plus Arbitrage FOF • Kotak Nifty SDL JUL 2026 INDEX FUND • Kotak Silver ETF • Kotak Silver ETF Fund Of Fund • Kotak Banking and Financial Services Fund • Kotak Nifty SDL JUL 2033 INDEX FUND • Kotak Nifty 200 Momentum 30 Index Fund • Kotak Nifty Financial Services Ex-Bank Index Fund • Kotak BSE Housing Index Fund • Kotak Quant Fund • Kotak Multi Asset Allocation Fund • KOTAK NIFTY SDL PLUS AAA PSU BOND JUL 2028 60:40 INDEX FUND • Kotak Nifty 1D Rate Liquid ETF • Kotak Nifty Smallcap 50 Index Fund • Kotak Nifty G-sec July 2033 Index Fund

Name	Age	Qualification	Business Experience	Schemes Managed
				• Kotak Consumption Fund • Kotak Healthcare Fund • Kotak Technology Fund • Kotak Long Duration Fund • Kotak Nifty AAA Bond Jun 2025 HTM Index Fund • • Kotak Nifty India Tourism Index Fund • Kotak CRISIL-IBX AAA Financial Services Index – Sep 2027 Fund. • Kotak Nifty Midcap 150 Momentum 50 Index Fund • Kotak Nifty 100 Low Volatility 30 Index Fund • Kotak Special Opportunities Fund • Kotak BSE PSU Index Fund • Kotak Nifty Midcap 50 Index Fund • Kotak MNC Fund

Name of the Fund Manager	Tenure of Managing the scheme
Mr. Devender Singhal	28-01-2022
Mr. Satish Dondapati	28-01-2022
Mr. Abhishek Bisen	28-01-2022

F. How Is the Scheme Different from Existing Schemes of The Mutual Fund?

The list of existing schemes under ETF schemes are given below:

1. Kotak Nifty 50 Value 20 ETF
2. Kotak Nifty Alpha 50 ETF
3. Kotak Nifty Bank ETF
4. Kotak S&P BSE Sensex ETF
5. Kotak Nifty 100 Low Volatility 30 ETF

6. Kotak Nifty India Consumption ETF
7. Kotak Nifty IT ETF
8. Kotak Nifty 50 ETF
9. Kotak Nifty MNC ETF
10. Kotak Nifty PSU Bank ETF
11. Kotak Gold ETF
12. Kotak Nifty 1D Rate Liquid ETF
13. Kotak Silver ETF

The detailed comparative table will be available in the given link: https://www.kotakmf.com/Information/statutory-disclosure/disclosuresrelatedtosidandkim

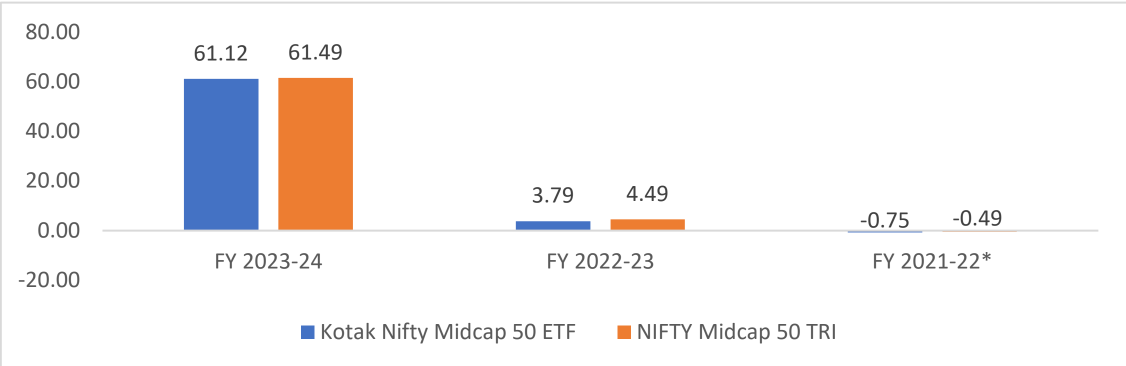
G. How Has the Scheme Performed?

Performance of the scheme as on September 30, 2024

Compounded Annualized Returns	Scheme Returns (%)	Benchmark Returns (%) (Nifty Midcap 50 TRI)
Returns for the last 1 year	45.83%	46.03%
Returns Since Inception	31.27%	31.90%

TRI - Total Return Index, in terms of para 6.14 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index. Scheme Inception date is 28/01/2022.Past Performance may or may not be sustained in future.

Absolute Returns (%) for each financial year for the last 5 years



Scheme Inception date is 28/01/2022.Past Performance may or may not be sustained in future.

H. Additional Scheme Related Disclosures

i. **Scheme's portfolio holdings:** Top 10 holdings by issuer and fund allocation will be available in the given link – https://www.kotakmf.com/Information/statutory-disclosure/disclosuresrelatedtosidandkim

ii. **Disclosure of name and exposure to top 7 issuers, stocks, groups and sectors as a percentage of NAV of the scheme will be available in the given link** - https://www.kotakmf.com/Information/statutory-disclosure/etfcommunication

iii. **Portfolio Disclosure** – The detailed portfolio and related disclosures for the scheme please refer our website https://www.kotakmf.com/Information/statutory-disclosure/information

iv. **Portfolio Turnover Rate**: 155.70% (As on September 30, 2024)

v. **Aggregate investment in the Scheme by Concerned Fund Manager (As on September 30, 2024)**:

Sr. No.	**Category of Persons**	**Net Value**		**Market Value (in Rs.) (in Crs)**
	Concerned scheme's Fund Manager(s)	Units	NAV per unit	
1.	Mr. Devender Singhal	-	-	-
2.	Mr. Satish Dondapati	-	-	-
3.	Mr. Abhishek Bisen			

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard kindly refer SAI.

vi. **Investments of AMC in the Scheme**:

The AMC may invest in the Scheme subject to the SEBI (MF) Regulations. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

Pursuant to Regulation 25(16A) of the SEBI (MF) Regulations, 1996 and para 6.9.3.5 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, AMC shall not be required to invest minimum amount as a percentage of AUM in the Scheme.

Details of Investments of AMC in the Scheme will be available in the given link. – Not Applicable

Part III- OTHER DETAILS

A. Computation Of NAV

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

The AMC shall value its investments according to the valuation norms (Valuation Policy includes computation of NAV in case of investment in foreign securities), as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

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

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

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

The AMC may also calculate intra-day indicative NAV and publish the same on its website www.kotakmf.com. Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the MM/LI. For transactions by Market Makers / large investors directly with the AMCs intra-day NAV, based on the executed price at which the securities representing the underlying index or underlying commodity(ies) are purchased / sold, shall be applicable.

Illustration for Computation of NAV:

NAV=	Market or Fair Value of Scheme's investments	+	Current assets including Accrued Income	-	Current Liabilities and provisions including accrued expenses	
	No. of Units outstanding under the Scheme/Option.					
10.109=	10,01,00,000.00	+	10,00,000.00	-	10,000.00	10,10,90,000.00
			1,00,00,000.00			1,00,00,000.00

As required under the Regulations, the asset management company shall ensure that the repurchase price of an open ended scheme shall not be lower than 95% of the Net Asset Value.

For other details such as policies w.r.t computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI.

B. New Fund Offer (NFO) Expenses

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

The New Fund Offer expenses of the scheme were borne by the AMC.

C. Annual Scheme Recurring Expenses

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

The AMC has estimated that the following percentage daily net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund viz. www.kotakmf.com

Expenses Structure	**% of daily Net Assets**
Investment Management and Advisory Fees	Upto 1.00%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements	
Costs of statutory Advertisements	
Cost towards investor education & awareness (1 bps).	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Goods and Services tax on expenses other than investment and advisory fees	
Goods and Services tax on brokerage and transaction cost	
Other Expenses (including listing expenses) *	
Maximum total expense ratio (TER) permissible under Regulation 52 (6)(b)	**Upto 1.00%**
Additional expenses for gross new inflows from specified cities	Upto 0.30%

The AMC shall not charge additional expenses under Regulation 52(6A)(c) in case exit load is not levied/ not applicable

* As permitted under the Regulation 52 of SEBI (Mutual Funds) Regulations, 1996

The fund shall update the current expense ratios on the website www.kotakmf.com at least three working days prior to the effective date of the change. The web link for TER is www.kotakmf.com/total-expense-ratio

Illustration of impact of expense ratio on scheme's returns:

Particulars	**NAV p.u. in Rs.**	**%**
Subscription received on March 31, 2024 (A)	100.00	-
Value of Subscribed Amount before expenses as on March 31, 2023(B)	112.25	-
Expense charged by the scheme (C)	1.06	1.00%
Value of Subscribed Amount as on March 31, 2023 (Net of expenses charged) (D)	111.19	-
Net Return to investors (E) (E=D-A)	11.19	11.19%

Illustration is given to understand the impact of expense ratio on a scheme return and this should not be construed as an indicative return of the scheme. The expenses of the Direct Plan under the Scheme will be lower to the extent of distribution expenses/ commission.

In terms of the para 10.1 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, all fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan.

Additional expenses which may be charged to the Scheme:

The following additional expenses may be charged to the Scheme under Regulation 52 (6A), namely-

- Brokerage and transaction cost incurred for the purpose of execution shall be charged to the schemes (a) upto 12 bps and 5 bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage & transaction costs, over and above the said 12 bps and 5 bps for cash market transactions and derivatives transactions respectively may be charged to the Scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Finds) Regulations, 1996.
- Expenses not exceeding of 0.30 % of daily net assets, if the new inflows from beyond top 30 cities are at least:

(i) 30 % of gross new inflows in the scheme; or

(ii) 15 % of the average assets under management (year to date) of the scheme; whichever is higher.

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

Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities.

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

Provided further that the additional TER can be charged based on inflows only from 'retail investors' (Para 10.1.3 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, has defined that inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investor") from beyond top 30 cities.

Provided that the additional commission for beyond top 30 cities shall be paid as trail only.

In case inflows from beyond top 30 cities is less than the higher of (i) or (ii) above, additional TER on daily net assets of the scheme shall be charged as follows:

Daily net assets X 30 basis points X New inflows from individual investors from beyond top 30 cities
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365* X Higher of (i) or (ii) above

* 366, wherever applicable.

With reference to SEBI's letter no. SEBI/HO/ IMD/ IMD-SEC-3/ P/ OW/ 2023/ 5823/ 1 dated February 24, 2023, and AMFI Circular No. CIR/ ARN-23/ 2022-23 March 07, 2023, the B-30 incentive structure for new inflows has been kept in abeyance with effect from March 01, 2023 till the incentive structure is appropriately re-instated by SEBI with necessary safeguards.

TER for the Segregated Portfolio:

1. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
2. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
3. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
4. The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Goods and Services tax:

Goods and Services tax on investment and advisory fees may be charged to the scheme in addition to the maximum limit of TER as prescribed in Regulation 52(6)(b). Goods and Services tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per Regulation 52.

The estimates are based on good faith for the Scheme as per the information available subject to prevailing regulations.

The aforesaid estimates are made in good faith by the Investment Manager and are subject to change inter se among the various heads of expenses and between the Plans. It may also be noted that the total expenses of the Plans will also be subject to change within the overall limits of expenses under Regulation 52. Actual expenses under any head and / or the total expenses may be more or less than the estimates. The Investment Manager retains the right to charge the actual expenses to the Fund, however the expenses charged will not exceed the statutory limit prescribed by the Regulations. There will be no sub limit on management fee, and it shall be within the overall TER specified above.

For the actual current expenses being charged, the investor may refer to the website of the mutual fund.

D. Load Structure

Exit Load is an amount which is paid by the investor to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of www.kotakmf.com or may call at 18003091490 or your distributor.

Type of Load	**Load chargeable (as % age of NAV)**
Exit	Nil

In terms of Para 10.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, no entry load will be charged on purchase / additional purchase / switch-in. The commission as specified in aforesaid circular, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.

Other charges for transactions through Stock Exchange Mode:

The units of the Scheme are compulsorily traded on Stock Exchange(s) in dematerialized form, and hence, there shall be no entry/exit load for the units purchased or sold through Stock Exchanges. However, the investor shall have to bear costs in the form of bid/ask spread and brokerage and such other costs as charged by his broker or mandated by the government from time-to-time for transacting in the units of the Scheme through secondary market.

Any imposition or enhancement of Load in future shall be applicable on prospective investments only. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres. In case of changes in load structure the addendum carrying the latest applicable load structure shall be attached to all KIM and SID already in stock till it is updated.

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

The investor is requested to check the prevailing load structure of the scheme before investing.

SECTION II

I. INTRODUCTION

A. Definitions/Interpretation

The details detailed definitions/ interpretations refer to the link on website of the mutual fund viz. https://www.kotakmf.com/Information/statutory-disclosure/disclosuresrelatedtosidandkim

B. Risk Factors

Scheme Specific Risk Factors

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

1) The NAV of the units is closely related to the value of stocks that form a part of the benchmark index. The value of this will react to stock market movements and may result in changes in the NAV of units under the scheme. There could also be movements in the scheme's NAV due to changes in interest rates, macro-economic and political developments and over longer periods during market downturns;
2) Liquidity Risk: Trading in Kotak Nifty Midcap 50 ETF may be halted due to market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in Kotak Nifty Midcap 50 ETF is not advisable. There could also be trading halts caused by extraordinary market volatility and pursuant to NSE and SEBI circuit filter rules. There can be no assurance that the requirements of the exchange necessary to maintain the listing of the Kotak Nifty Midcap 50 ETF will continue to be met or will remain unchanged
3) Regulatory Risk: Any changes in trading regulations by the stock exchange(s) or SEBI may affect the ability of Market Makers/Large Investors to arbitrage resulting into wider premium/ discount to NAV.
4) Tracking error may have an impact on the performance of the scheme. However, KMAMC will endeavour to keep the tracking error as low as possible.
5) The Scheme is a passively managed scheme and provides exposure to the benchmark and tracking its performance and yield as closely as possible. The Schemes performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.
6) As the scheme proposes to invest not less than 95% of the net assets in securities comprising of NIFTY Midcap 50 Index, any deletion of stocks from or addition to in NIFTY Midcap 50 Index may require sudden and immediate liquidation or acquisition of such stocks at the prevailing market prices irrespective of whether valuation of stocks is attractive enough. This may not always be in the interest of unitholders.
7) The performance of the NIFTY Midcap 50 Index will have a direct bearing on the performance of the scheme. Hence any composition change by virtue of weightage or stocks selection will have an impact on the scheme.
8) Though Kotak Nifty Midcap 50 ETF will be listed on the stock exchange, there is no assurance that an active secondary market will develop or be maintained.
9) Investors may note that even though this is an open-ended scheme, they will have to buy or sell units of the scheme on the stock exchanges where these units are listed for liquidity at the market price, subject to the rules and regulations of the exchange. Buying and selling units on stock exchange requires

the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/ broker, payment of brokerage, securities transactions tax and such other costs.

10) The market price of ETF units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV. However, since the eligible investors can transact with the AMC for units beyond the creation unit size there should not be a significant variance from the NAV. Hence the price of ETF is less likely to hold significant variance (large premium or discount) from the latest declared NAV all the time.
11) Capital Gains Impact: Investors who trade in Kotak Nifty Midcap 50 ETF may be subject to Long Term Capital Gains or Short Term Capital Gains. Investors are requested to consult their tax / legal consultants before investing in the scheme.
12) The units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual fund depends up on the confirmations to be received from depository(ies) on which the mutual fund has no control.
13) The scheme will attract provisions of take over regulations, if it invests in more than 10% of the paid up capital of a company and therefore may not be able to accept further subscription.
14) The Index reflects the prices of securities at a point in time, which is the price at close of business day on the stock exchange. The Scheme, however, may at times trade these securities at different points in time during the trading session and therefore the prices at which the Plan trade may not be identical to the closing price of each scrip on that day on the BSE / NSE. In addition, the Scheme may opt to trade the same securities on different exchanges due to price or liquidity factors, which may also result in traded prices being at variance, from BSE / NSE closing prices.

Risk associated with Exchange Traded Fund:

a) **Absence of Prior Active Market:** Although the units of ETFs are listed on the Stock Exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.

b) **Lack of Market Liquidity:** Trading in units of ETFs on the Stock Exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned Stock Exchange or Market Regulator, trading in the ETF Units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit breaker' rules. There can be no assurance that the requirements of the concerned Stock Exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.

c) **Units of Exchange Traded Funds May Trade at Prices Other than NAV:** Units of Exchange Traded Funds may trade above or below their NAV. The NAV of Units of Exchange Traded Funds may fluctuate with changes in the market value of a Scheme's holdings. The trading prices of units of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand. However, given that ETFs can be created / redeemed in Creation Units, directly with the fund, large discounts or premiums to the NAVs will not sustain due to arbitrage possibility available.

d) **Regulatory Risk:** Any changes in trading regulations by the Exchange or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV. Although Kotak Nifty Midcap 50 ETF is proposed to be listed on Exchange, the AMC and the Trustees will not be liable for delay in listing of Units of the Scheme on Exchange / or due to connectivity problems with the depositories due to the occurrence of any event beyond their control.

e) **Political Risks:** Whereas the Indian market was formerly restrictive, a process of deregulation has been taking place over recent years. This process has involved removal of trade barriers and protectionist measures, which could adversely affect the value of investments. It is possible that the future changes in the Indian political situation, including political, social or economic instability, diplomatic developments and changes in laws and regulations could have an effect on the value of investments. Expropriation, confiscatory taxation or other relevant developments could affect the value of investments.

f) **Right to Limit Redemptions:** The Trustee, in the general interest of the unit holders of the Scheme offered under this Scheme Information Document and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Business Day depending on the total "Saleable Underlying Stock" available with the fund.

g) **Redemption Risk:** The Unit Holders may note that even though this is an open ended scheme, the Scheme would ordinarily repurchase Units in Creation Unit size. Thus unit holdings less than the Creation Unit size can normally only be sold through the secondary market unless no quotes are available on the Exchange for 3 trading days consecutively.

h) **Asset Class Risk:** The returns from the types of securities in which a Scheme invests may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and under performance in comparison of the general securities markets.

i) **Passive Investments:** As the Scheme is not actively managed, the underlying investments may be affected by a general decline in the Indian markets relating to its Underlying Index. The scheme invests in the securities included in its underlying index regardless of their investment merit. The AMC does not attempt to take defensive positions in declining markets. Further, the fund manager does not make any judgment about the investment merit nor shall attempt to apply any economic, financial or market analysis.

j) **Tracking Error Risk:** Factors such as the fees and expenses of the Scheme, cash balance, changes to the Underlying assets and regulatory policies may affect AMC's ability to achieve close correlation with the Underlying assets of the scheme. The Scheme's returns may therefore deviate from those of its Underlying assets.

   Tracking Error of ETFs is likely to be low as compared to a normal index fund. Due to the Creation / Redemption of units through the in-kind mechanism the fund can keep lesser funds in cash. Also, time lag between buying / selling units and the underlying shares is much lower The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However, this may vary when the markets are very volatile However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

Risk specific to investing in securities forming part of NIFTY Midcap 50 Index and risks: -
The underlying companies forming part of Nifty Midcap 50 Index includes top 50 companies based on full market capitalisation from NIFTY Midcap 150 Index. The risk to investing in these companies would emanate from market risk in general in case equity markets enter a correction/consolidation phase. Also, a risk may arise in case the sector to which the company belongs may not perform in line with the broader market.

Risks associated with Tracking errors/ difference:

Tracking error means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, IDCW payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc. The tracking error i.e. the annualized standard deviation of the difference in daily returns between the underlying index or goods and the NAV of the Scheme based on past one year rolling data shall not exceed 2%. In case of unavoidable circumstances in the nature of force majeure, which are beyond the control of the AMCs, the tracking error may exceed 2% and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any. However, the Fund will endeavor to limit the tracking error within 2% limits. Tracking difference is the difference of return between the scheme and benchmark annualized over 1 year, 3 years, 5 years, 10 years and since inception period.

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

- Delay in the purchase or sale of stocks within the benchmark due to
  - Illiquidity in the stocks, circuit filters on the stocks
  - Delay in realisation of sale proceeds
- The scheme may buy or sell the stocks comprising the index at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- Index providers may either exclude or include new scrips in their periodic review of the stocks that constitute the underlying index. In such situations the scheme will endeavour to rebalance the portfolio in line with the index. But may not able to mirror the index immediately due the available investment/reinvestment opportunity.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, payouts of IDCW etc.
- Execution of large buy / sell orders
- Delay in credit of securities
- Transaction cost and recurring expenses
- Delay in realisation of Unit holders' funds
- Levy of margins by exchanges

SEBI / other Regulatory restrictions on investments and/ or divestments by the scheme / Mutual Fund, which are outside the control of AMC, which may further cause / impact the tracking error.

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

- **Price fluctuations and Volatility:**

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

- **Concentration / Sector Risk:**

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

- **Liquidity Risks:**

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

Risk associated with Securities Lending:

In the case of securities lending the additional risk is that there can be temporary illiquidity of the securities that are lent out and the Fund may not be able to sell such lent-out securities, resulting in an opportunity loss. In case of a default by counterparty, the loss to the Fund can be equivalent to the securities lent.

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

a) Credit Risk:

Securities carry a Credit risk of repayment of principal or interest by the borrower. This risk depends on micro-economic factors such as financial soundness and ability of the borrower as also macro-economic factors such as Industry performance, Competition from Imports, Competitiveness of Exports, Input costs, Trade barriers, Favorability of Foreign Currency conversion rates, etc.

Credit risks of most issuers of Debt securities are rated by Independent and professionally run rating agencies. Ratings of Credit issued by these agencies typically range from "AAA" (read as "Triple A" denoting "Highest Safety") to "D" (denoting "Default"), with about 6 distinct ratings between the two extremes.

The highest credit rating (i.e. lowest credit risk) commands a low yield for the borrower. Conversely, the lowest credit rated borrower can raise funds at a relatively higher cost. On account of a higher credit risk for lower rated borrowers lenders prefer higher rated instruments further justifying the lower yields.

b) Price-Risk or Interest-Rate Risk:

From the perspective of coupon rates, Debt securities can be classified in two categories, i.e., Fixed Income bearing Securities and Floating Rate Securities. In Fixed Income Bearing Securities, the Coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the Floating Rate Securities, on the other hand, the coupon rate changes - 'floats' - with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury Bill.

Fixed Income Securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment-frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates. The prices of Government Securities (existing and new) will be influenced only by movement in interest rates in the financial system. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof. However, debt securities in the scheme are intended to be held till maturity. For such securities held till maturity, there will not be any interest rate risk at the end of the tenure.

Floating rate securities issued by a government (coupon linked to treasury bill benchmark or a real return inflation linked bond) have the least sensitivity to interest rate movements, as compared to other securities. The Government of India has already issued a few such securities and the Investment Manager believes that such securities may become available in future as well. These securities can play an important role in minimizing interest rate risk on a portfolio.

c) Risk of Rating Migration:

The following table illustrates the impact of change of rating (credit worthiness) on the price of a hypothetical AA rated security with a maturity period of 3 years, a coupon of 10.00% p.a. and a market value of Rs. 100. If it is downgraded to A category, which commands a market yield of, say, 11.00% p.a., its market value would drop to Rs. 97.53 (i.e. 2.47%) If the security is up-graded to AAA category which commands a market yield of, say, 9.00% p.a. its market value would increase to Rs102.51 (i.e. by 2.51%). The figures shown in the table are only indicative and are intended to demonstrate how the price of a security can be affected by change in credit rating.

Rating	**Yield (% p.a.)**	**Market Value (Rs.)**
AA	10.00	100.00
If upgraded to AAA	9.00	102.51
If downgraded to A	11.00	97.53

d) Basis Risk:

During the life of floating rate security or a swap the underlying benchmark index may become less active and may not capture the actual movement in the interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio. Where swaps are used to hedge an underlying fixed income security, basis risk could arise when the fixed income yield curve moves differently from that of the swap benchmark curve.

e) Spread Risk:

In a floating rate security, the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions the spreads may move adversely or favourably leading to fluctuation in NAV.

f) Reinvestment Risk:

Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

g) Liquidity Risk:

The corporate debt market is relatively illiquid vis-a- vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Liquidity in a scheme therefore may suffer. Even though the Government Securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information (SAI).

h) Risk envisaged and mitigation measures for repo transactions:

Credit risks could arise if the counterparty does not return the security as contracted or interest received by the counter party on due date. This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also operational risks are lower as such trades are settled on a DVP basis.

In the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to us. Thus, the scheme may in remote cases suffer losses. This risk is normally mitigated by better cash flow planning to take care of such repayments.

Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities:

The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.

- Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms such as guarantee, shortfall undertaking, letter of comfort, pledge of shares listed on stock exchanges etc. from the issuers, promoters or another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating.

- SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of loan receivables, securities backed by trade receivables, credit card receivables etc. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.

- Liquidity Risk: SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is low as compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the scheme to sell such debt instruments and generate liquidity for the scheme or higher impact cost when such instruments are sold.

- Where equity shares are provided as collateral there is the risk of sharp price volatility of underlying securities which may lead to erosion in value of collateral as also low liquidity of the underlying shares which may affect the ability of the fund to enforce collateral and recover capital and interest obligations. Credit Risk: The credit risk of debt instruments which are CE rated derives rating based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

Risks associated with investments in Derivative Instruments:

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investment.

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

a) Basis Risk – This risk arises when the derivative instrument used to hedge the underlying asset does not match the movement of the underlying being hedged for e.g. mismatch between the maturity date of the futures and the actual selling date of the asset.

b) Limitations on upside: Derivatives when used as hedging tool can also limit the profits from a genuine investment transaction.

c) Liquidity risk pertains to how saleable a security is in the market. All securities/instruments irrespective of whether they are equity, bonds or derivatives may be exposed to liquidity risk (when the sellers outnumber buyers) which may impact returns while exiting opportunities.

d) In case of investments in index futures, the risk would be the same as in the case of investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. In case futures are used for hedging a portfolio of stocks, which is different from the index stocks, the extent of loss could be more or less depending on the coefficient of variation of such portfolio with respect to the index; such coefficient is known as Beta.

e) The risk related to hedging for use of derivatives, (apart from the derivatives risk mentioned above) is that event of risk, which we were anticipating and hedged our position to mitigate it, does not happen. In such case, the cost incurred in hedging the position would be a avoidable charge to the scheme net assets.

f) Credit Risk – The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a IRS / IRF derivative transaction. With the phased implementation of physical settlement of stocks in equity derivative segment, though there is an element of risk of stock / funds not being received, the same is mitigated due to settlement guarantee similar to equity cash market segment.

g) Interest Rate Risk – interest rate is one of the variables while valuing derivatives such as futures & options. For example, with everything remaining constant, when interest rates increase, the price of Call option would increase. Thus, fluctuations in interest rates would result in volatility in the valuation of derivatives.

h) Model Risk - A variety of models can be used to value options. Hence, the risk to the fund is that the fund manager buys a particular option using a particular valuation model (on the basis of which the option seems to be fairly priced or cheap) but the market is valuing it using another valuation model and according to which the option may be expensive.

i) The risk (loss) for an option buyer is limited to the premium paid, while the risk (loss) of an option writer is unlimited, the latter's gain being limited to the premiums earned. However, in the case of the Fund, all option positions will have underlying assets and therefore all losses due to price-movement beyond the strike price will actually be an opportunity loss. The writer of a put option bears a risk of loss if the value of the underlying asset declines below the strike price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the strike price.

Risks associated with Securitised Debt:
The Scheme may from time to time invest in domestic securitised debt, for instance, in asset backed securities (ABS) or mortgage backed securities (MBS). Typically, investments in securitised debt carry credit risk (where credit losses in the underlying pool exceed credit enhancement provided, (if any) and the reinvestment risk (which is higher as compared to the normal corporate or sovereign debt). The underlying assets in securitised debt are receivables arising from automobile loans, personal loans, loans against consumer durables, loans backed by mortgage of residential / commercial properties, underlying single loans etc.

ABS/MBS instruments reflect the proportionate undivided beneficial interest in the pool of loans and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. Investments in securitised debt is largely guided by following factors:

- Attractive yields i.e. where securitised papers offer better yields as compared to the other debt papers and also considering the risk profile of the securitised papers.
- Diversification of the portfolio
- Better performance

Broadly following types of loans are securitised:

- **Auto Loans**
  The underlying assets (cars etc.) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.

  These loans are also subject to model risk i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

  Commercial vehicle loans are susceptible to the cyclicality in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

- **Housing Loans**
  Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus, the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

- **Consumer Durable Loans**

  The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
  The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

- **Personal Loans**
  These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money.

Further, all the above categories of loans have the following common risks:

All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.

In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record. In retail loans, the risks due to frauds are high.

- **Single Loan PTC**
  A single loan PTC is a securitization transaction in which a loan given by an originator (Bank/ NBFC/ FI etc.) to a single entity (obligor) is converted into pass through certificates and sold to investors. The transaction involves the assignment of the loan and the underlying receivables by the originator to a trust, which funds the purchase by issuing PTCs to investors at the discounted value of the receivables. The PTCs are rated by a rating agency, which is based on the financial strength of the obligor alone, as the PTCs have no recourse to the originator.

  The advantage of a single loan PTC is that the rating represents the credit risk of a single entity (the obligor) and is hence easy to understand and track over the tenure of the PTC. The primary risk is that of all securitized instruments, which are not traded as often in the secondary market and hence carry an illiquidity risk. The structure involves an assignment of the loan by the originator to the trustee who then has no interest in monitoring the credit quality of the originator. The originator that is most often a bank is in the best position to monitor the credit quality of the originator. The investor then has to rely on an external rating agency to monitor the PTC. Since the AMC relies on the documentation provided by the originator, there is a risk to the extent of the underlying documentation between the seller and underlying borrower.

- **Bankruptcy of the originator or seller:**
  Investment decisions are primarily based on the underlying borrowers and also of the originator or seller. Once the originator or seller sells the assets to a special purpose vehicle, the subsequent bankruptcy of seller / originator should not affect the receivables of the fund.

- **Bankruptcy of the Investors Agent:**
  The underlying special purpose vehicle acts as the Collection and paying agent for the investors. The SPV's are normally trusts and are set up as "bankruptcy remote". i.e since they merely pass on the monies received in their capacity as trusts, the question of their bankruptcy do not arise. Also, the bankruptcy of the sponsor does not affect the specific trusts.

- **Bankruptcy of the underlying borrower.**
  The risks would be similar to the credit risks and mitigants thereof covered elsewhere in the SID.

Risk associated with investment in Government securities and Triparty repo on Government securities or treasury bills:

- The mutual fund is a member of securities segment and Triparty repo on Government securities or treasury bills trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Triparty repo on Government securities or treasury bills trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counter party risks considerably for transactions in the said segments.
- The members are required to contribute towards margin obligation (Initial / Mark to Market etc.) as per bye-laws of CCIL as also an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in discharging their obligation. As per the waterfall mechanism, after the

defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members as determined by CCIL.

- Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

  CCIL maintains two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty repo on Government securities or treasury bills trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/ default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.

Risks associated with segregated portfolio

- Investor holding units of segregated portfolio may not able to liquidate their holding till the time realisable value is recovered.
- Security comprising of segregated portfolio may realise lower value or may realise zero value.
- Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

C. Risk Mitigation Strategies

Type of Risks	Measures/ Strategies to control risks
Equity Markets/ Equity Oriented Instruments	• Market Risk and Volatility: Market risk is a risk is inherent to an equity scheme. Being a passively managed scheme, it will invest in the securities included in its Underlying Index. • Concentration / Sector Risk: Index Fund being a passive investment carries lesser risk as compared to active fund management. The portfolio follows the index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Thus, there is no additional element of volatility or stock concentration on account of fund manager decisions. The Risk Mitigation strategy revolves around minimizing the Tracking error to the least possible through regular rebalancing of the portfolio, taking into account the change in weights of stocks in the Underlying Index as well as the incremental collections into / redemptions from the Scheme. • Liquidity Risks: As such the liquidity of stocks that the scheme invests into could be relatively low. The scheme will endeavor to maintain a proper asset-liability match to ensure redemption payments are made on time and not affected by illiquidity of the underlying stocks.
Debt and Money Market instruments	• Credit Risk: Management analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk a detailed assessment of the issuer's financial statements will be undertaken.

	• Price-Risk or Interest-Rate Risk: The Scheme may primarily invest the debt portion of the portfolio in money market instruments, units of Liquid and Overnight schemes thereby mitigating the price volatility due to interest rate changes generally associated with long-term securities. • Risk of Rating Migration: The Scheme may primarily invest the debt portion of the portfolio in short-term money market instruments, units of Liquid and Overnight schemes thereby mitigating the risk of rating migration generally associated with long-term securities • Basis Risk: The debt allocation of scheme is primarily cash management strategy and such strategy returns are expected to reflect the very short term interest rate hence investment is done in short term debt and money market instruments. • Spread Risk: The Scheme may primarily invest the debt portion of the portfolio in short-term money market instruments, units of Liquid and Overnight schemes thereby mitigating the risk of spread expansion which is generally associated with long-term securities • Reinvestment Risk: The debt allocation of scheme is primarily cash management strategy and such strategy returns are expected to reflect the very short-term interest rate hence investment is done in short term debt and money market instruments. Reinvestment risks will be limited to the extent of debt instruments, which will be a very small portion of the overall portfolio value. • Liquidity Risk: The Scheme may invest in government securities, corporate bonds and money market instruments. While the liquidity risk for government securities, money market instruments and short maturity corporate bonds may be low, it may be high in case of medium to long maturity corporate bonds. The Scheme may, however, endeavor to minimize liquidity risk by primarily investing the debt portion of the portfolio in relatively liquid short-term money market instruments, units of Liquid and Overnight schemes.
Derivatives	The Scheme may take an exposure to equity derivatives of constituents or index derivatives of the underlying index for short duration when securities of the index are unavailable, insufficient or for rebalancing at the time of change in index or in case of corporate actions, as permitted. All derivatives trade will be done only on the exchange with guaranteed settlement. Exposure with respect to derivatives shall be in line with regulatory limits and the limits specified in the SID.
Securities Lending	The SLB shall be operated through Clearing Corporation/Clearing House of stock exchanges having nation-wide terminals who are registered as Approved Intermediaries (AIs).” The risk is adequately covered as Securities Lending & Borrowing (SLB) is an Exchange traded product. Exchange offers an anonymous trading platform and gives the players the advantage of settlement guarantee without the worries of counter party default. However, the scheme may not be able to sell such lent securities during contract period or have to recall the securities which may be at higher than the premium at which the security is lent.
Securitized Debt	In addition to careful scrutiny of credit profile of borrower/pool additional security in the form of adequate cash collaterals and other securities may be obtained

Repo Transactions	This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also operational risks are lower as such trades are settled on a DVP basis. In the event the counterparty is unable to pay back the money to the scheme as contracted on maturity, the scheme may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to the counterparty
Structured Obligation (SO) & Credit Enhancement (CE) rated securities	Scheme wise investments as prescribed by the regulations limits the exposure to such securities. Additionally, covenants of such structured papers are reviewed periodically for adequate maintenance of covers as prescribed in the Information Memorandum of such papers.

The measures mention above is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change.in response to the same.

II. INFORMATION ABOUT THE SCHEME:

A. Where Will the Scheme Invest

Securities/ Instruments	Definitions
Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares;	Equity shares is a security that represents ownership interest in a company.
	Equity related instruments include convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and such other instrument as may be specified by the Board from time to time.
	Derivative is a financial instrument whose value is based upon the value of an underlying equity shares or indices. The equity derivatives may be in the following form: Futures - Futures Contract means a legally binding agreement to buy or sell the underlying security / indices on a future date at an agreed price. Options - Options Contract is a type of Derivatives Contract which gives the buyer/holder of the contract the right (but not the obligation) to buy/sell the underlying asset at a predetermined price within or at end of a specified period. The buyer / holder of the option purchases the right from the seller/writer for a consideration which is called the premium. The seller/writer of an option is obligated to settle the option as per the terms of the contract when the buyer/holder exercises his right. The underlying asset could include securities, an index of prices of securities etc.
Money market instruments permitted by SEBI/RBI, having maturities of up to one year but not limited to: • Certificate of Deposits (CDs). • Commercial Paper (CPs) • Tri-party Repo, Bills re-	• “Certificate of Deposit” or “CD” is issued by Scheduled Commercial Banks (SCBs) and All-India Financial Institutions. There is a term period of 7 days to 1 year for CDs that are issued by SCBs, whereas the term period ranges from 1 year to 3 years for CDs issued by financial institutions. CDs are usually issued at a discounted rate and redeemed at par.

discounting, as may be permitted by SEBI from time to time. • Repo of corporate debt securities	• "Commercial Paper" or "CP" is a short-term instrument issued by corporates and financial institutions CPs are usually issued at a discounted rate and redeemed at par. The tenor of CP ranges from 7 days to 1 year. • Treasury bills or T-bills, which are money market instruments, are short term debt instruments issued by the Government of India and are presently issued in three tenors, namely, 91 day, 182 day and 364 day. Treasury bills are zero coupon securities and pay no interest. Instead, they are issued at a discount and redeemed at the face value at maturity. • Triparty Repo (TREPS) is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction. • Repos / Reverse Repos enables collateralized short term borrowing and lending through sale/purchase operations in debt instruments (including corporate bonds). • Bills Re-discounting is an instrument where a financial institution discounts the bills of exchange that it has discounted previously with another financial institution.
Units of Mutual Funds Schemes	Mutual fund means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, money market instruments, gold or gold related instruments, silver or silver related instruments, real estate assets and such other assets and instruments as may be specified by the SEBI from time to time:
Securities Lending & Borrowing as permitted by SEBI from time to time	Securities Lending and Borrowing is a process through which shares or stocks are lent or borrowed from other investors or financial firms at a specified time and price.

B. What Are the Investment Restrictions?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments.

1. As per Clause 1 of the Seventh Schedule of MF Regulation, the Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company.

   Within the limits specified in clause 1 of the Seventh Schedule of MF Regulation, a mutual fund scheme shall not invest more than:
   a. 10% of its NAV in debt and money market securities rated AAA issued by a single issuer; or
   b. 8% of its NAV in debt and money market securities rated AA issued by a single issuer; or
   c. 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in clause 1 of the Seventh Schedule of MF Regulation.

The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of Credit Rating Agency (CRAs) between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and triparty repo on Government securities or treasury bills.

Provided further that investments within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board.

Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the Board from time to time.

Considering the nature of the Scheme, investments in such instruments will be permitted up to 5% of its Net Assets.

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

3. Provided, investment in the asset management company or the trustee company of a mutual fund shall be governed by clause (a), of sub-regulation (1), of regulation 7B.

4. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments. It is further clarified that the investment limits are applicable to all debt securities, which are issued by public bodies/institutions such as electricity boards, municipal corporations, state transport corporations etc. guaranteed by either state or central government. Government securities issued by central/state government or on its behalf by the RBI are exempt from the above investment limits.

5. The investment of the Scheme in the following instruments shall not exceed 10% of the debt portfolio of the Scheme and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the Scheme: -

   - Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade; and –
   - Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade

   The above limits shall not be applicable on investments in securitized debt instruments.
   Investment by the Scheme in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

   Further, the investment in debt instruments having credit enhancements should be sufficiently covered to address the market volatility and reduce the inefficiencies of invoking of the pledge or cover, whenever required, without impacting the interest of the investors. In case of fall in the value of the cover below the specified limit, AMCs will initiate necessary steps to ensure protection of the interest of the investors.

6. The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund.

7. The Scheme shall not make any investments in:
   (a) any unlisted security of an associate or group company of the Sponsors; or
   (b) any security issued by way of private placement by an associate or group company of the Sponsors; or
   (c) the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets except for investments by equity oriented ETFs and index funds based on widely tracked and non-bespoke indices, wherein the investments shall be the weightage of the constituents of the underlying index, shall be subject to an overall cap of 35% of net asset value of the scheme, in the group companies of the sponsor in accordance with the SEBI circular no. SEBI/HO/IMD/IMD-PoD 2/P/CIR/2024/098 dated July 8, 2024.

8. The Scheme shall not invest in any Fund of Funds Scheme.

9. Transfer of investments from one scheme to another scheme in the same Mutual Fund, shall be allowed only if:-
   a) such transfers are made at the prevailing market price for quoted Securities on spot basis (spot basis shall have the same meaning as specified by Stock Exchange for spot transactions.)
   b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
   c) the same are in line with Para 12.30 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024.

10. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:
    - Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.
    - Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

11. No loans for any purpose may be advanced by the Mutual Fund and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Schemes for the purpose of payment of interest or IDCWs to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each of the Schemes and the duration of such borrowing shall not exceed a period of six months.

12. The Mutual Fund shall enter into transactions relating to Government Securities only in dematerialised form.

13. The mutual fund shall get the securities purchased / transferred in the name of the fund on account of the concerned scheme, where investments are intended to be of long term nature.

14. Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to the guidelines issued by to Para 12.16 and Para 4.5 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, to be read with SEBI circular dated August 16, 2019 and September 20, 2019, as may be amended from time to time. The AMC shall not charge any investment management and advisory fees for parking of funds in such short term deposits of scheduled commercial banks for the scheme.

15. In accordance with the guidelines as stated under Para 12.1 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, investments in following instruments as specified in the said circular, as may be amended from time to time, shall be applicable:

    i. All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed.

    ii. The scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instrument and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.

    iii. However, the scheme may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

    Further, investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the conditions as specified in the said circular:

    a. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
    b. Exposure of mutual fund schemes in such instruments shall not exceed 5% of the net assets of the schemes.
    c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

16. Investments in Derivatives shall be in accordance with the guidelines as stated under Para 7.5, 7.6 and 12.25 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 as may be amended from time to time.

17. The scheme will invest in Repos in Corporate debt in accordance with Para 12.18 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024.

18. In terms of the Para 3.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, the Index shall comply with the following portfolio concentration norms:
    a) The Index shall have a minimum of 10 stocks as its constituents.
    b) No single stock shall have more than 25% weight in the Index.
    c) The weightage of the top three constituents of the Index, cumulatively shall not be more than 65% of the Index.
    d) The individual constituent of the Index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

The Scheme shall monitor compliance with the aforesaid norms by the Index at the end of every calendar quarter. Further, the updated constituents of the Index shall be made available on the website of the Fund.

The Scheme shall endeavour to follow the guidelines prescribed under Para 3.4 and Para 3.6 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 and circular issued thereunder from time to time.

Accordingly, the underlying Index shall ensure that such index complies with the aforesaid norms.

Further, on a quarterly basis index will be screened by NSE, for compliance with the portfolio concentration norms for ETFs/ Index Funds announced by SEBI on January 10, 2019. In case of non-compliance, suitable corrective measures will be taken to ensure compliance with the norms.

These investment restrictions shall be applicable at the time of investment. Changes, if any, do not have to be effected merely because, owing to appreciations or depreciations in value, or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any Schemes of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall as soon as possible take appropriate corrective action, taking into account the interests of the Unit holders.

In addition, certain investment parameters may be adopted internally by AMC, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / AMC may alter these above stated limitations from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for Mutual Funds to achieve its investment objective. As such all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996.

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

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

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

Participation of scheme of Kotak Mahindra Mutual Fund in repo of corporate debt securities:
In accordance with Para 12.18 of SEBI Master circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 and any other circulars issued by SEBI/ RBI from time to time, the Scheme shall participate in repo transactions on corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs) in accordance with directions issued by RBI and SEBI from time to time. Currently the applicable guidelines are as under:

- The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs) shall not be more than 10 % of the net assets of the concerned scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs) along with equity, debt and derivatives, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time shall not exceed 100% of the net assets of the concerned scheme.
- Mutual funds shall participate in repo transactions on following Corporate Debt securities;
    - listed AA and above rated corporate debt securities and
    - Commercial Papers(CPs) and Certificate of Deposits(CDs).
- In terms of Regulation 44 (2) mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.
- Mutual funds shall ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities including Commercial Papers(CPs) and Certificate of Deposits(CDs). However, for transactions where settlement is guaranteed by a Clearing Corporation, the exposure shall not be

considered for the purpose of determination of investment limits for single issuer, group issuer and sector level limits.

The parameters for investment in repos of corporate debt securities as approved by the Board of AMC and Trustee Company are as under:

i) Category of counterparty to be considered for making investment:
All entities (including clearing corporations) eligible for transacting in corporate bond repos as defined by SEBI and RBI shall be considered for repo transactions.

(ii) Credit rating of counterparty to be considered for making investment
The schemes shall participate in corporate bond repo transactions with counterparties having a minimum investment grade rating and is approved by the Investment Committee on a case-to-case basis. In case there is no rating available, the Investment Committee will decide the rating of the counterparty, and report the same to the Board from time to time.
The requirement for credit rating of the counterparty will not be applicable for transactions where settlement is guaranteed by a Clearing Corporation,

(iii) Tenor of Repo and collateral
As a repo seller, the schemes will borrow cash for a period not exceeding 6 months or as per extant regulations. As a repo buyer, the Schemes are allowed to undertake the transactions for maximum maturity upto one year or such other terms as may be approved by the Investment Committee. There shall be no restriction / limitation on the tenor of collateral.

(iv) Applicable haircuts
RBI in its circular dated July 24, 2018 has prescribed the haircut to be applied for repo transactions as follows:

Haircut/margins will be decided either by the clearing house or may be bilaterally agreed upon, in terms of the documentation governing repo transactions, subject to the following stipulations:

i. Listed corporate bonds and debentures shall carry a minimum haircut of 2% of market value.
ii. CPs and CDs shall carry a minimum haircut of 1.5% of market value.
iii. Securities issued by a local authority shall carry a minimum haircut of 2% of market value.

However, the fund manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the prevailing liquidity situation in the market.

Risk envisaged and mitigation measures for repo transactions:
Credit risks could arise if the counterparty does not return the security as contracted or interest received by the counter party on due date. This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also operational risks are lower as such trades are settled on a DVP basis.

In the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to us. Thus, the scheme may in remote cases suffer losses. This risk is normally mitigated by better cash flow planning to take care of such repayments.

The above risks will not arise for repo transactions where settlement is guaranteed by a Clearing Corporation.

<u>Investments in securitized debt instruments</u>

How the risk profile of securitized debt fits into the risk appetite of the scheme:
The scheme investment pattern permits investments in debt and money market instruments with extended maturities. Under this the investments could be in the following form of issuances, viz. CPs, CDs, Securitised debt, etc. i.e for the same acceptable levels of risks there could be multiple instruments available to a Fund Manager. Based on the credit assessment of the issuers the Fund Manager may choose to invest in securitized debt.

Our evaluation process for investment in securitized debt is similar to the approach followed for other types of instruments including money market and bonds. We lay emphasis on credit, liquidity and duration risk while evaluating every prospective investment, keeping in mind the investment objectives of the particular scheme.

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

The Fund Manager shall do a comprehensive credit assessment of the structure before investment. This includes originator's credit origination standards, track record on asset quality, more specifically its track record in respect the asset class that is being securitized and also the performance of the pools securitised by the originator in the past. No investments will be made in instruments rated below certain grades as prescribed by the investment committee or in unrated instruments. Prior approval of Trustee will be taken, in case of any investments in unrated instruments.

The securitised paper may pertain to a single asset class e.g., car loans or commercial vehicle loans or a combination of different asset classes i.e. car loans, two wheeler loans and commercial vehicle loans. Investment focus is towards diversification in the asset pool in terms of geography, underlying collateral. Although there is no specific guidelines with respect minimum period for which the originator had held the loans in its books), appropriateness of the seasoning (the period for which the originator has held loans on its books) and also the loan to value and instilment to income profile of the pool are important parameters for making investment decision.

In case of single loan securitization, the originator merely transfers the loan existing in his book by way of a single loan sell down. The obligation to repay and service the debt remains with the underlying obligor and hence, it is the obligor whose standalone business and financial risk profile is evaluated. Therefore, the credit rating of a single loan structure mirrors the credit rating of the obligor.

For pool securitization, where the debt repayment is dependent on the underlying pool of borrowers, it is important to evaluate the characteristics of the pool including the type of loan, loan to value ratio, ticket size of loan, geographic distribution etc. and the track record of the originator in terms of volume of securitization activity, historical losses seen in similar pools, stability in cash flow servicing and utilization level of credit enhancement.

Risk Mitigation strategies for investments with each kind of originator:

Apart from the above, risk assessment process includes examination of the credit enhancements offered under the present PTC structure, utilization of credit enhancement in the previous securitization structures of the originator and the trends in credit enhancement utilization of securitization transactions of similar asset classes of other originators. The size & reach of originators, its infrastructure & follow-up mechanism, quality of MIS & the collection process are also considered for each originator.

The nature of the instrument, underlying risks, underlying risk migration perceptions would decide the tenure of the said investments.

There is clear cut segregation of duties and responsibilities with respect to Investment Function and Sales function. Risk assessment and monitoring of investment in Securities Debt is done by a team comprising of credit analyst, fund manager and Head of Fixed Income. The Investment committee also looks into a first time investment in credit, apart from sanctioning overall limits for the same. Investment Decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis a vis their investment objective.

Originator risk can be evaluated and mitigated on the basis of –

(a) Market position and size of the originator and expertise/niche in financing a particular type of asset.
(b) Systems and processes established by the originator to address operational risk relating to disbursement, collection and recovery of loans.
(c) Extent of data disclosed by the originator for the current pool as well as past pools which showcases the data mining capability of the originator.
(d) Credit enhancement provided based on the pool characteristics, historical performance of past pools and the base case losses assumed by the credit agency.

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

Characteristics/ Type of Pool	Mortgage Loan	CV & CE	Cars	Two Wheelers	Micro Finance	Personal Loans	Single loan sell down
Average maturity (in months)	36m-72m	12m - 36m	12m - 36m	12m-24m	3m-18m	12m-24m	12m - 36m
Collateral margin (including cash , guarantees, excess interest spread, subordination)	5%-25%	10% - 25%	10% - 25%	Min 15%	Min 20%	Min 20%	NA
Average Loan-to-value	70%-90%	65% - 90%	65% - 90%	50%-75%	NA	NA	NA
Average Pool Seasoning (in months)	6m-12m	3m-6m	3m-6m	3m-6m	1m-3m	3m-6m	NA
Maximum exposure per ABS transaction	5%-15%	5%-15%	5%-15%	5%-10%	5%-15%	5%-10%	5%-15%

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

Note - Kindly note that these are indicative ranges and final figures could vary depending upon the overall characteristics of the transaction and market conditions

In respect of single sell down loans the process would be similar to the one adopted for investing in the issuer directly. Similarly, the scheme in the normal course of business would not be investing in personal / micro finance pools, unless the levels of comfort arising of the transaction structures, satisfy the investment committee.

The above table is prepared after considering the risk mitigating measures such as Size of the loan, Average original maturity of the pool, Average seasoning of the pool, Loan to Value Ratio, Geographical Distribution and Structure of the pool, default rate distribution & credit enhancement facility. The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same. This framework would be used as a reference for evaluation of investment into any securitized debt. However, each investment would also be evaluated on a case to case basis on its own merits apart from these limits.

Other risk mitigation measures
(a) Loan to Value Ratio – is an important parameter which highlights the underwriting standards of the issuer. Also, lower LTV ratios generally result in higher recoveries in case of default.

(b) Average seasoning of the pool - may vary depending on the asset type. Higher seasoning is preferred as it gives better visibility on delinquency levels in the pool.

(c) Default rate distribution – this is studied using empirical data for the originator. This is also a critical data used by the rating agency in determining the credit enhancement levels to be stipulated.

(d) Geographical Distribution – helps in identifying concentration risk in a particular geography and therefore reduces the default risk.

(e) Credit enhancement facility – is provided in pool securitization transactions and is very important as it is used to absorb credit losses stemming from default in the pool assets. The size of credit enhancement is determined on the basis of the issuer's credit risk profile, the type of asset being securitized and past pool performances.

(f) Liquidity facility – in some cases, in addition to the credit enhancement facility there is also a liquidity facility provided which is used to meet any shortfalls arising from delayed collections or delinquencies in the pool.

Minimum retention percentage by originator of debts to be securitized:
Although there are no specific guidelines with respect minimum retention percentage for which the originator had held the loans in its books), appropriateness of the seasoning (the period for which the originator has held loans on its books) and also the loan to value and installment to income profile of the pool are important parameters for making investment decision.

Minimum retention period of the debt by originator prior to securitization
For single loan securitization, there is currently no regulation for minimum retention period of debt by the originator. Our investment decision is driven by the credit quality of the underlying obligor.

For pool securitization, there is currently no regulation for minimum retention period of debt by the originator. Generally, the pool assets we acquire in the form of PTCs have a retention period of 3-6 months by the originator. We follow the extant guidelines pertaining to securitization as set out by the regulator.

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

An investment by the scheme in any security is done after detailed analysis by the Fixed Income team and in accordance with the investment objectives and the asset allocation pattern of a scheme. The robust credit process ensures that there is no conflict of interests when a scheme invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have long term surplus to invest in mutual fund scheme. Furthermore, there is clear cut segregation of duties and responsibilities with respect to Investment function and Sales function. Investment decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis-a-vis their investment objectives.

Our investment decisions are independent of other business functions and are solely based on the assessment of credit risk, liquidity risk and duration risk pertaining to a particular security.

The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt
Risk assessment and monitoring of investment in Securities Debt is done by a team comprising of credit analyst, fund manager and Head of Fixed Income. The Investment committee also looks into a first time investment in credit, apart from sanctioning overall limits for the same. Investment Decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis-a-vis their investment objective.

Apart from monitoring the credit quality of the underlying obligator / originator, for pool securitization transactions we closely monitor the monthly pool performance report which is sent out by the trustee. The reports are tracked for changes in specific pool characteristics which can impact the collection performance and;

<u>Limits for investment in derivatives instruments</u>

In accordance with Para 7.5 and 12.25 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, the following conditions shall apply to the Scheme's participation in the derivatives market. The investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

I. Position limit for the Mutual Fund in equity index options contracts

a) The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher,
b) This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Mutual Fund in equity index futures/stock futures contracts:

The Mutual Fund position limit in all equity index futures/stock futures contracts on a particular underlying index shall be Rs. 500 crore; or
15% of the total open interest in the market in equity index futures/stock futures contracts, whichever is higher,

This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging.

In addition to the position limits at point (i) and (ii) above, Mutual Fund may take exposure in equity index derivatives subject to the following limits:

Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for the Mutual Fund for stock based derivative contracts

The combined futures and options position limit shall be 20% of applicable MWPL

v. Position limit for the Scheme

The position limits for the Scheme and disclosure requirements are as follows–

For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of the Mutual Fund shall not exceed the higher of:
1% of the free float market capitalisation (in terms of number of shares).
Or
5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

For index-based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Exposure Limits:

As per Para 12.25 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 on "Review of norms for investment and disclosure by Mutual Funds in derivatives", the limits for exposure towards derivatives are as under:

1. The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme.
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
4. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
5. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:-
    a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
    b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.

c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

6. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.

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

8. Exposure in derivative positions shall be computed as follows:

Position	**Exposure**
Long Future	Futures Price * Lot Size *
Short Future	Number of Contracts
Option bought	Futures Price * Lot Size *

C. Fundamental Attributes

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

(i) Type of the scheme: As mentioned under the heading "Type of the Scheme" of Part I – Sr. No. III
(ii) Investment Objective: As mentioned under the heading "Investment Objective" of Part I – Sr. No. V
(iii) Investment Pattern: As mentioned under the heading "How will the scheme allocate its assets" of Part II – A
(iv) Terms of Issue:
   a. Liquidity provisions such as listing, repurchase, redemption. Investors may refer Part I and Section II under 'Other Scheme Specific Disclosures' for detailed information on listing, repurchase and redemption.
   b. Aggregate fees and expenses charged to the scheme. Investors may refer Part III 'Other Details'.
   c. Any safety net or guarantee provided – Not Applicable

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the asset management company, unless it complies with sub-regulation (26) of regulation 25 of these regulations.

In accordance with Regulation 25(26) of the SEBI (MF) Regulations, the asset management company shall ensure that no change in the fundamental attributes of any scheme or the trust, fees and expenses payable or any other change which would modify the scheme and affect the interest of unit holders, shall be carried out unless,

- SEBI has reviewed and provided its comments on the proposal.
- A written communication about the proposed change is sent to each unit holder and an advertisement is issued 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
- The Unitholders are given an option for a period of 30 calendar days to exit at the prevailing Net Asset Value without any exit load

D. Index Methodology:

The performance of the Scheme is measured against NIFTY Midcap 50 Index (TRI).

The Index represents the top 50 companies based on full market capitalisation from Nifty Midcap 150 index with preference given to those stocks on which derivative contracts are available on National Stock Exchange (NSE). The composition of the aforesaid benchmark is such that, it is most suited for comparing the performance of the scheme

About NIFTY Midcap 50 Index (TRI)

Nifty Midcap 50 Index is to capture the movement of the midcap segment of the market. It includes top 50 companies selected based on 6-month average free float market capitalization from the top 100 companies selected based on both average daily full market capitalization and average daily turnover based on previous six months data from the Nifty Midcap 150 index. A preference is given to companies that are available for trading in NSE's Futures & Options segment at the time of final selection. Nifty Midcap 50 Index is computed using free float market capitalization method.

Index Re-Balancing:

The review of the index is undertaken semi-annually based on data for six months ending January and July and the replacement of stocks in the index (if any) is implemented from the last trading day of March and September respectively.

Selection Criteria

i. Market impact cost is the best measure of the liquidity of a stock. It accurately reflects the costs faced when actually trading an index. For a stock to qualify for possible inclusion into the Nifty50, have traded at an average impact cost of 0.50% or less during the last six months for 90% of the observations, for the basket size of Rs. 100 Million.
ii. The company should have a listing history of 6 months.
iii. Companies that are allowed to trade in F&O segment are only eligible to be constituent of the index.
iv. The Company should have a minimum listing history of 1 month as on the cutoff date.

Index Eligibility Criteria:

Parameters	Criteria
Universe	Nifty Midcap 150
Eligibility criteria (Eligible Universe)	Companies should rank within top 100 based on both average daily full market capitalization and average daily turnover based on previous six months period data
Selection Criteria	Select 50 stocks based on higher 6 month average free-float market capitalization from the eligible universe with preference to F&O stocks

Parameters	Criteria
Compulsory Inclusion	1. A non-member eligible F&O stock shall be compulsorily included in the index replacing the smallest non F&O stock in the index (if any) based on free-float market capitalization in the index; 2. Rank of F&O stock based on 6 month average free float market capitalization is within top 30 within the eligible universe; 3. Any non-member eligible F&O stock will be included in the index only if its free-float market capitalization is at least 1.5 times the free-float market capitalization of the smallest F&O index constituent; and 4. Any non-member eligible non - F&O stock will be included in the index if its free-float market capitalization is at least 1.5 times the free-float market capitalization of the smallest Non F&O index constituent
Compulsory exclusion	1. Constituents excluded from the Nifty Midcap 150* 2. Rank based on average full market capitalization or average daily turnover (6 month average data) falls beyond 100 within Nifty Midcap 150* 3. Rank based on 6 month average free float market capitalization falls beyond 70 within eligible universe of top 100 stocks

Constituent Weighting:

Index constituents are weighted based on their float-adjusted market capitalization

Index Constituents, weightages and Impact Cost (as on 30th September, 2024)

Sr. No	Security Name	Weightage (%)	Impact Cost (%)
1	SUZLON ENERGY LTD.	5.09	0.63
2	MAX HEALTHCARE INSTITUTE LTD.	3.93	0.04
3	INDIAN HOTELS CO. LTD.	3.22	0.03
4	PERSISTENT SYSTEMS LTD.	3.11	0.04
5	LUPIN LTD.	2.84	0.03
6	DIXON TECHNOLOGIES (INDIA) LTD.	2.80	0.04
7	CUMMINS INDIA LTD.	2.77	0.03
8	PB FINTECH LTD.	2.76	0.03
9	COLGATE PALMOLIVE (INDIA) LTD.	2.70	0.03
10	INDUS TOWERS LTD.	2.62	0.06
11	CG POWER AND INDUSTRIAL SOLUTIONS LTD.	2.60	0.04
12	FEDERAL BANK LTD.	2.58	0.03
13	HDFC ASSET MANAGEMENT COMPANY LTD.	2.33	0.03
14	YES BANK LTD.	2.27	0.08
15	HINDUSTAN PETROLEUM CORPORATION LTD.	2.27	0.05
16	VOLTAS LTD.	2.26	0.03
17	AU SMALL FINANCE BANK LTD.	2.23	0.04
18	AUROBINDO PHARMA LTD.	2.19	0.03
19	BHARAT FORGE LTD.	2.07	0.03
20	PI INDUSTRIES LTD.	2.03	0.04
21	MARICO LTD.	1.96	0.03
22	GODREJ PROPERTIES LTD.	1.96	0.05
23	SRF LTD.	1.95	0.03
24	SUNDARAM FINANCE LTD.	1.93	0.04

25	PHOENIX MILLS LTD.	1.85	0.05
26	SUPREME INDUSTRIES LTD.	1.84	0.04
27	MPHASIS LTD.	1.82	0.03
28	GMR AIRPORTS INFRASTRUCTURE LTD.	1.81	0.05
29	ASHOK LEYLAND LTD.	1.81	0.04
30	IDFC FIRST BANK LTD.	1.80	0.04
31	POLYCAB INDIA LTD.	1.76	0.03
32	ALKEM LABORATORIES LTD.	1.70	0.04
33	UPL LTD.	1.67	0.03
34	APL APOLLO TUBES LTD.	1.54	0.05
35	NMDC LTD.	1.51	0.05
36	MRF LTD.	1.51	0.03
37	ORACLE FINANCIAL SERVICES SOFTWARE LTD.	1.45	0.03
38	KPIT TECHNOLOGIES LTD.	1.42	0.03
39	PETRONET LNG LTD.	1.37	0.04
40	CONTAINER CORPORATION OF INDIA LTD.	1.36	0.05
41	TATA COMMUNICATIONS LTD.	1.35	0.03
42	ASTRAL LTD.	1.32	0.04
43	VODAFONE IDEA LTD.	1.31	0.16
44	SBI CARDS AND PAYMENT SERVICES LTD.	1.24	0.04
45	OBEROI REALTY LTD.	1.19	0.05
46	MUTHOOT FINANCE LTD.	1.17	0.05
47	STEEL AUTHORITY OF INDIA LTD.	1.10	0.04
48	ACC LTD.	0.92	0.05
49	ADITYA BIRLA CAPITAL LTD.	0.91	0.05
50	L&T FINANCE LTD.	0.80	0.05

Index Service Provider

NSE Indices Limited (formerly known as India Index Services & Products Ltd. - IISL), a subsidiary of NSE, provides a variety of indices and index related services for the capital markets. The company focuses on the index as a core product. The company owns and manages a portfolio of indices under the Nifty brand of NSE, including the flagship index, the Nifty 50. Nifty equity indices comprise of broad-based benchmark indices, sectoral indices, strategy indices, thematic indices and customized indices. NSE Indices Limited also maintains fixed income indices based on Government of India securities, corporate bonds, money market instruments and hybrid indices. Many investment products based on Nifty indices have been developed within India and abroad. These include index-based derivatives traded on NSE and NSE International Exchange IFSC Limited (NSE IX) and a number of index funds and exchange traded funds. The flagship 'Nifty 50' index is widely tracked and traded as the benchmark for Indian Capital Markets. For more information, please visit: www.niftyindices.co

E. Principles of Incentive Structure for Market Makers:

Performance based incentives as and when offered to market marker, shall be disclosed as per SEBI Circular. The same shall be charged within the permissible TER limit.

F. Other Scheme Specific Disclosures:

Listing and transfer of units	**Listing:** The units of the Scheme will initially be listed on NSE on allotment under intimation to SEBI. It may also list on any other exchanges subsequently. AMC has proposed to engage MM for creating liquidity for ETFs in the stock exchange so that investors are able to buy or redeem units on the stock exchange using the services of a stockbroker **Transfer of Units**: Not Applicable
Dematerialization of units	1. Units of the Scheme will be available in Dematerialized (electronic) form in addition to the account statement. 2. The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant. 3. Units of the Scheme will be issued, traded and settled compulsorily in dematerialized form.
Minimum Target amount (This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)	Not Applicable since it is an ongoing scheme.
Maximum Amount to be raised (if any)	Not Applicable since it is an ongoing scheme.
Dividend Policy (IDCW)	The Scheme does not offer any Plans/Options for investment. The AMC/Trustee reserve the right to introduce Option(s) as may be deemed appropriate at a later date.
Allotment (Detailed procedure) (NFO)	The AMC/ Trustee reserves the right to reject any application inter alia in the absence of fulfillment of any regulatory requirements, fulfillment of any requirements as per the SID, incomplete/incorrect documentation and furnishing necessary information to the satisfaction of the Mutual Fund/AMC and subject to SEBI (MF) Regulations and circulars issued thereunder from time to time. Allotment of units and dispatch of allotment advice to FPI will be subject to RBI approval if required. Investors who have applied in non-depository mode will be entitled to receive the account statement of units within 5 Business Days of the closure of the NFO Period (since the investor can transact only through the exchange after NFO period, they need to convert the units in demat form). For applicants applying through the ASBA mode, on intimation of allotment by CAMS to the banker the investors account shall be debited to the extent of the amount due thereon. On allotment, units will be credited to the

	Investor's demat account as specified in the ASBA application form. 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 Para 14.4.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024. Further, for the procedure of release of lien, the investors shall contact their respective DP. Also, when a person becomes a holder of the units by operation of law or upon enforcement of pledge, then the AMC shall, subject to production/submission of such satisfactory evidence, which in its opinion is sufficient, effect the transfer, if the intended transferee is otherwise eligible to hold the units.
Refund	If application is rejected, full amount will be refunded within 5 working days of closure of NFO. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC.
Who can invest **This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their risk profile.**	The following are eligible to apply for purchase of the Units: • Resident Indian Adult Individuals, either singly or jointly (not exceeding three). • Parents/Lawful guardians on behalf of Minors. • Companies, corporate bodies, registered in India. • Registered Societies and Co-operative Societies authorised to invest in such Units. • Public sector undertakings, public/Statutory corporations subject to general or specific permissions granted to them by the Central/State governments from time to time. • Religious and Charitable Trusts under the provisions of 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962. • Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds. • Partner(s) of Partnership Firms. • Association of Persons or Body of Individuals, whether incorporated or not. • Hindu Undivided Families (HUFs). • Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions. • Non-Resident Indians/Persons of Indian origin resident abroad (NRIs) on full repatriation or non-repatriation basis. • Foreign Portfolio Investors (FPI) registered with SEBI. • Other Mutual Funds registered with SEBI. • International Multilateral Agencies approved by the Government of India. • Army/Navy/Air Force, Para-Military Units and other eligible institutions. • Scientific and Industrial Research Organizations. • Provident/Pension/Gratuity and such other Funds as and when permitted to invest. • Public Financial Institution as defined under the Companies Act 2013.

	• Universities and Educational Institutions. • Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustee, AMC or Sponsor, subscribe to the Units under the Scheme. The list given above is indicative and the applicable law, if any, shall supersede the list.
Who cannot invest	Acceptance of Subscriptions from U.S. Persons and Residents of Canada w.e.f. November 17, 2016: - The Scheme shall not accept subscriptions from U.S. Persons and Residents of Canada, except where transaction request received from Non – resident Indian (NRIs) / Persons of Indian Origin (PIO) who at the time of investment are present in India and submit physical transaction request along with such declarations / documents as may be prescribed by Kotak Mahindra Asset Management Company Ltd and Kotak Mahindra Trustee Company Ltd. The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC/ Trustee Company. The investor shall be responsible for complying with all the applicable laws for such investments. The AMC reserves the right to put the transaction request on hold/reject the transaction request, or reverse the units allotted, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard. The Trustee/AMC reserves the right to change/modify the provisions mentioned above at a later date.
How to Apply and other details	**For Market Makers & Large Participants** Application form and Key Information Memorandum may be obtained from the offices of AMC or Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs)of the Registrar or distributors or downloaded from www.kotakmf.com Investors are also advised to refer to Statement of Additional Information before submitting the application form. The list of the Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of the Mutual Fund will be available on the website www.kotakmf.com. Purchase from Stock Exchanges (applicable for Market Makers, Large Investors and other investor). An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However, there would be cost of brokerage and other transactions costs (like stamp duty) payable to broker or sub-broker of the exchange. The AMC/ Trustee reserves the right to reject any application inter alia in the absence of fulfillment of any regulatory requirements, fulfillment of any requirements as per the SID, incomplete/incorrect documentation and not furnishing necessary information to the satisfaction of the Mutual Fund/AMC.

	Any application may be accepted or rejected at the sole and absolute discretion of the Trustee. All cheques and drafts should be crossed "Account Payee Only" and drawn in favour of **“Kotak Nifty Midcap 50 ETF”** The investors can submit the Application forms and Key Information Memorandum (along with transaction slip)/ forms for redemption/ switches at the branches of AMC or Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of the Registrar (CAMS) or distributors or on the website of Kotak Mahindra Mutual Fund (www.kotakmf.com). Investors are also advised to refer to Statement of Additional Information before submitting the application form. For Further details refer section II.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	Not Applicable
Restrictions, if any, on the right to freely retain or dispose of units being offered.	Units which are held in demat form shall be freely transferable under the depository system.
Cut off timing for subscriptions/ redemptions/ switches **This is the time before which your application (complete in all respects) should reach the official points of acceptance.**	For Purchase/ Redemption directly from the fund on any business day: a) upto 3.00 p.m. on a business day, the NAV of such business day. b) After 3.00 p.m. on a business day, the NAV of the following business day. Pursuant to para 3.6.2 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 dated May 23, 2022, the aforesaid cut off timing shall not be applicable for direct transaction with AMCs by MM and other eligible investors. **Technical issues when transactions are processed through online facilities/ electronic modes.** The time of transaction done through various online facilities / electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request for purchase / SIP/ sale / switch of units is received in the servers of AMC/RTA. In case of transactions through online facilities / electronic modes, there may be a time lag of few seconds or upto 1-7 banking days between the amount of subscription being debited to investor's bank account and the subsequent credit into the respective Scheme's bank account. This lag may impact the applicability of NAV for transactions where NAV is to be applied, based on actual realization of funds by the Scheme. Under no circumstances will Kotak Asset Management Company Limited or its bankers or its service providers be liable for any lag / delay in realization of funds and consequent pricing of units. The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Scheme. Representation of SIP transaction

	which have failed due to technical reasons will also follow same rule.
Minimum amount for purchase/redemption/switches (mention the provisions for ETFs, as may be applicable, for direct subscription/redemption with AMC.	**Minimum Purchase / Amount :** 1. Ongoing purchases / redemptions directly from the Mutual Fund would be restricted to Market Makers and Large Investors (subject to transactions greater than INR 25 crores or such other amount as may be specified by SEBI from time to time) provided the value of units to be purchased / redeemed is in creation unit size or multiples thereof. The aforesaid limit of Rs.25 crores is not applicable for Market Makers. 2. Market Makers / Large Investors may exchange Portfolio Deposit / cash equivalent to the portfolio deposit and applicable cash component and transaction handling charges for Purchase / Redemption of Units of the Scheme in 'Creation Unit' size or in multiples thereof directly from the Mutual Fund, as defined by the Scheme for that respective Business Day. 3. The units are listed on NSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day. 4. The AMC will appoint Market Makers to provide liquidity in secondary market on an ongoing basis. The Market Makers/Large Investors would offer daily two-way quote in the market. 5. The AMC reserves the right to list the units of the scheme on any other exchange, in future. 6. Unit holdings in less than the Creation Unit size can normally only be sold through the secondary market, except in situations mentioned under 'Exit opportunity in case of ETF for investors other than Market Makers and Large Investors' in the SID. 7. Any Transaction placed for redemption or subscription directly with the AMC must be greater than INR 25 crores or such other amount as may be specified by SEBI from time to time. **Minimum Redemption Amount:** All investors including Market Makers, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange Mutual Fund will repurchase units from Market Makers and Large Investors on any business day in creation units size. $RTGS/ NEFT / Transfer cheque
Accounts Statements	The depository participant with whom the unitholder has a depository account will send a statement of transactions in accordance with the byelaws of the depository which will contain the details of transaction of units. Allotment of units and dispatch of Allotment Advice to FIIs will be subject to RBI approval, if required. Units allotted under this scheme are transferable subject to the provisions of the Depositories Act, SEBI (Depository and Depository Participant) Regulations, 1996 and other applicable provisions.

	Note: The fund house may not furnish separate accounts statement to the unitholders since the statement of accounts furnished by depository participant will contain the details of transactions in these units. Pursuant to Para 14.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, the investor whose transaction has been accepted by Kotak Mahindra Asset Management Company Ltd. / Kotak Mahindra Mutual Fund shall receive the following: 1. The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form). 2. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. 3. A consolidated account statement (CAS) for each calendar month on or before 15th of the succeeding month shall be sent by email (wherever investor has provided email id) or physical account statement where investor has not provided email id., across the schemes of the mutual funds, to all the investors in whose folio(s) transaction(s) has/have taken place during the month. The same shall be sent by the AMC or by the Agencies appointed by the AMC for non demat unit holders. 4. For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN). 5. The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN and email id. Such investors will get monthly account statement from Kotak Mahindra Mutual Fund in respect of transactions carried out in the schemes of Kotak Mahindra Mutual Fund during the month. 6. Pursuant to SEBI Circular no. CIR /MRD /DP /31/2014 dated November 12, 2014 requiring Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts, the following modifications are made to the existing guidelines on issuance of CAS. ▪ Such Investors shall receive a single Consolidated Account Statement (CAS) from the Depository. ▪ Consolidation shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding. ▪ In case an investor has multiple accounts across two depositories, the depository with whom the Demat account has been opened earlier will be the default depository which will consolidate the

	details across depositories and MF investments and dispatch the CAS to the investor. ▪ The CAS will be generated on monthly basis. ▪ If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within fifteen days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts, then CAS with holding details shall be sent to the investor on half yearly basis. ▪ The dispatch of CAS by the depositories shall constitute compliance by Kotak AMC/ Kotak Mahindra Mutual Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996 ▪ Further, a consolidated account statement shall be sent by Depositories every half yearly (September/March), on or before 21st day of succeeding month, providing the following information: - holding at the end of the six month - The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods and Services tax (wherever applicable, as per existing rates), operating expenses, etc. The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in 7. Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period. 8. In case of a specific request is received from the investors, Kotak Mahindra Asset Management Company Ltd./ Kotak Mahindra Mutual Fund will provide the physical account statement to the investors. 9. For Unitholders who have provided an e-mail address in KYC records, the CAS will be sent by e-mail. 10. Any discrepancy in the Account Statement should be brought to the notice of the Fund/AMC immediately. Contents of the Account Statement will be deemed to be correct if no error is reported within 30 days from the date of Account Statement. **Half Yearly Account Statement:** • Asset management company will send consolidated account statement every half yearly (September/ March), on or before twenty first day of succeeding month, detailing holding at the end

	of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement. • The Account Statement shall reflect - holding at the end of the six month - The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods and Services tax (wherever applicable, as per existing rates), operating expenses, etc. • The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested inSuch half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period. • The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. • Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated. "Transaction" shall include purchase, redemption, switch, Payout of Income Distribution cum capital withdrawal option (IDCW), Reinvestment of Income Distribution cum capital withdrawal option (IDCW), systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.
Dividend/ IDCW	The Scheme does not offer any Plans/Options for investment. The AMC/Trustee reserve the right to introduce Option(s) as may be deemed appropriate at a later date.
Redemption	MM/LI may submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which MM/LI has a depository account. Redemption proceeds in the form of basket of securities included in the NIFTY Midcap 50 Index in the same proportion will be credited to the designated DP account of the MM/LI. Any fractions in the number of securities transferable to MM/LI will be rounded off to the lower integer and the value of the fractions will be added to the cash component payable. Applicable cash component will be recovered along with necessary transaction handling charges. Payment of proceeds in cash: The Fund at its discretion may accept the

	request of MM/LI for payment of redemption proceeds in cash in creation unit size or in multiples thereof. Such investors shall submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which MM/LI has a depository account. whereupon the Fund will arrange to sell underlying portfolio securities on behalf of the investor. Accordingly, the sale proceeds at the actual execution price of the underlying portfolio, after adjusting necessary transaction handling charges/costs and applicable cash component, will be remitted to the investor. The number of Units so redeemed will be subtracted from the unitholder's account balance (DP) and a statement to this effect will be issued to the unitholder by depository. Redemption cheques will generally be sent to the Unitholder's address, (or, if there is more than one joint holder, the address of the first-named holder) when the unit balance is confirmed with the records of the depository, not later than 3 (Three) Working Days from the date of receipt of redemption requests. In accordance to Para 14.1 and 14.2 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024 and AMFI circular no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, in exceptional situations mentioned below, the scheme shall be allowed additional timelines for transfer of redemption or repurchase proceeds to the unitholders.

Sr. No.	Exceptional Situations	Additional Timelines allowed
(i)	Payment of redemption proceeds through physical instruments (cheque / DD) where electronic fund transfer is not possible (such as old / non-Core Banking account / IFSC non-available records / IMPS failed records for reasons like name mismatch*, technical error / Investor Bank not participating in Electronic Fund transfers or failure of electronic credit for any reason which are at the bank's end. ** Name mismatch typically occurs where the bank account is held jointly, but the 1st holder in MF Folio may not be first holder in the bank account or the investor's name in MF folio and his/her bank account*	Additional 2 working days

			may not be exactly identical e.g., MF folio is held by A+B, but the bank account is in the name of B +A; OR the name as per bank a/c & MF folio are recorded a bit differently e.g., *(i) Given Name + Middle Name + Surname* *(ii) Given Name + Surname* *(iii) Surname + Given Name etc.* *Note: When payment is made through cheque / DD, the investor's bank account details registered with the RTA shall be printed on the cheque/DD,* *so that the amount is paid only through the investor's bank account to mitigate the risk of fraudulent encashment.*	
		(ii)	On such days, where it is a bank holiday in some or all the states, but a business day for the stock exchanges.	Additional 1 working day following the bank holiday(s) in the State where the investor has bank account.
		(iii)	Exceptional circumstances such as sudden declaration of a business day as a holiday or as a non- business day due to any unexpected reason / Force Majeure events.	In all such exceptional situations, the timelines prescribed in SEBI circular dated November 25, 2022 shall be counted from the date the situation becomes normal.
		(iv)	In all such cases where a request for Change of Bank account has been received just prior to (upto 10 days prior) OR simultaneously with redemption request.	In all such cases, the AMCs / RTAs can make the redemption payment after the cooling off period of 10 days from the date of receipt of COBM. The redemption transaction shall be processed as per the applicable NAV on the basis time stamp. The credit may either be given in the existing bank account or the new bank account post due

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<tr><td></td><td></td><td>diligence within 1 working day after cooling off period.</td></tr>
<tr><td>(v)</td><td>Need for additional due diligence in instances such as Transmission reported in one fund, but not in the current fund, proceedings by Income Tax authorities, Folio under lock/bank lien etc.</td><td>Additional 3 working days</td></tr>
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Redemption proceeds may also be paid to the Unitholder in any other manner like through ECS, direct credit, RTGS, demand draft, etc as the AMC may decide, from time to time, for the smooth and the efficient functioning of the Scheme.
Note: The mutual fund will rely on the address and the bank account details recorded in the depository system. Any changes to the address and bank account details can be made only through the depository system.
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<td>Bank Mandate</td>
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As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form.
In case an existing Unitholder is submitting a request for Change in his Bank Details, he needs to submit an old and new bank account. In absence of the same, the request for Change in Bank Mandate is liable to be rejected
Investors have an option of registering their bank accounts, by submitting the necessary forms & documents. At the time of redemption, investors can select the bank account to receive the amount.
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<td>Delay in payment of redemption / repurchase proceeds/dividend</td>
<td>The Asset Management Company shall be liable to pay interest to the unitholders at rate as specified vide clause 14.2 of SEBI Master Circular for Mutual Funds dated June 27, 2024 by SEBI for the period of such delay</td>
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<td>Unclaimed Redemption and Income
Distribution cum Capital Withdrawal Amount</td>
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In accordance with Para 14.3 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, the unclaimed Redemption amount and IDCW amount that are currently allowed to be deployed by the Mutual Fund only in call money market or money market Instruments, shall also be allowed to be invested in a separate plan of only Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts.
Provided that such schemes where the unclaimed redemption and IDCW amounts are deployed shall be only those Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as as per para 17.5 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024.
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	AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower. Investors who claim these amounts during a period of three years from the due date shall be paid initial unclaimed amount along with the income earned on its deployment. Investors who claim these amounts after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. AMC shall play a proactive role in tracing the rightful owner of the unclaimed amounts considering the steps suggested by regulator vide the referred circular.
Disclosure w.r.t investment by minors	As per Para 17.6 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, the following Process for Investments in the name of a Minor through a Guardian will be applicable: a. Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed. b. Redemption proceeds shall be credited only in verified bank account of the minor, i.e the account the minor may hold with the parent/legal guardian after completing KYC formalities. c. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major. d. AMCs shall build a system control at the account set up stage of Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) on the basis of which, the standing instruction is suspended when the minor attains majority, till the status is changed to major. Please refer SAI for detailed process on investments made in the name of a Minor through a Guardian and Transmission of Units.
Creation Unit Size	Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 35,000 units of the Scheme or cash equal to the value of 35,000 units of the scheme. For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component or cash equal to the value of 35,000 units of the scheme. The Portfolio Deposit and Cash Component will change from time Each creation unit consists of 35,000 units of Kotak Nifty Midcap 50 ETF. Each unit of Kotak Nifty Midcap 50 ETF will be approximately equal to $1/100^{th}$ of the value of the Nifty Midcap 50. The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's website.

Example for Calculation of the allotment price and the unit's receivable by the investor on allotment	Example for Calculation of the price at which units can be purchased and the unit's receivable by the investor				
	Security	**Quantity**	**Price**	**Value**	**Weight (%)**
	Aditya Birla Capital Ltd.	282	178.75	50407.50	1.23
	Abbott India Ltd.	2	22430.25	44860.50	1.17
	Aurobindo Pharma Ltd.	113	899.90	101688.70	2.48
	ACC Ltd.	32	2038.70	65238.40	1.61
	Alkem Laboratories Ltd.	20	3539.75	70795.00	1.70
	Ashok Leyland Ltd.	578	176.35	101930.30	2.49
	Astral Ltd.	47	1934.70	90930.90	2.24
	AU Small Finance Bank Ltd.	193	715.75	138139.75	3.37
	Balkrishna Industries Ltd.	32	2586.30	82761.60	2.01
	Bandhan Bank Ltd.	298	248.75	74127.50	1.81
	Bata India Ltd.	26	1634.50	42497.00	1.03
	Mphasis Ltd	33	2464.10	81315.30	2.00
	Bharat Forge Ltd.	103	1114.35	114778.05	2.80
	Indus Towers Ltd.	260	192.80	50128.00	1.22
	Biocon Ltd.	178	257.40	45817.20	1.12
	Container Corporation of India Ltd.	110	698.45	76829.50	1.88
	Cummins India Ltd.	55	1751.60	96338.00	2.33
	Escorts Ltd.	13	3399.95	44199.35	1.11
	FEDERAL BANK LTD.	944	147.00	138768.00	3.39
	Gujarat Gas Ltd.	69	421.75	29100.75	0.71
	Godrej Properties Limited	46	1727.45	79462.70	1.93
	HDFC Asset Management Company Ltd.	40	2747.20	109888.00	2.70
	HINDUSTAN PETROLEUM CORPORATION LTD	256	254.10	65049.60	1.59
	Vodafone Idea Ltd	3128	11.85	37066.80	0.90

	IDFC First Bank Limited	1269	91.55	116176.95	2.84
	Oracle Financial Services Software Ltd	9	4161.90	37457.10	0.95
	The Indian Hotels Company Ltd.	354	414.85	146856.90	3.58
	Indraprastha Gas Ltd.	141	460.40	64916.40	1.58
	Jubilant Foodworks Limited	154	531.50	81851.00	1.99
	LIC Housing Finance Ltd.	122	473.95	57821.90	1.41
	L&T Technology Services Ltd	11	4753.85	52292.35	1.28
	Lupin Ltd.	97	1159.85	112505.45	2.74
	Max Financial Services Ltd.	94	909.65	85507.10	2.09
	Mahindra & Mahindra Financial Services Ltd.	238	290.55	69150.90	1.69
	MRF Limited	1	107738.15	107738.15	2.12
	NMDC Ltd.	459	150.30	68987.70	1.68
	Coforge Limited	24	5154.65	123711.60	3.07
	Oberoi Realty Ltd	47	1148.60	53984.20	1.31
	Dalmia Bharat Limited	32	2301.10	73635.20	1.78
	Page Industries Ltd	2	39513.85	79027.70	2.32
	Persistent Systems Limited	20	5760.95	115219.00	2.86
	Petronet LNG Ltd.	301	224.75	67649.75	1.65
	Polycab India Ltd.	19	5228.30	99337.70	2.38
	Power Finance Corporation Ltd.	583	250.00	145750.00	3.56
	Rural Electrification Corporation Ltd	497	291.60	144925.20	3.54
	Steel Authority of India Ltd.	581	88.60	51476.60	1.26
	United Breweries Ltd.	29	1580.00	45820.00	1.11

Voltas Ltd.	92	862.70	79368.40	1.93
Tata Communications Ltd.	47	1833.40	86169.80	2.10
Zee Entertainment Enterprises Ltd	370	259.65	96070.50	2.35
Value Of Portfolio Deposit				4095525.95

Value of portfolio deposit	4095525.95
Value of Cash Component	5907.05
Total Value of creation unit	4101433

Cash Component arrived in the following manner:

Number of units comprising one creation unit	35000
NAV per Unit (Assuming Underlying index value is 8285)	117.18
Value of 1 Creation Unit	4101433
Value of Portfolio Deposit (pre-defined basket of securities of the Underlying Basket)	4095525.95
Cash Component	5907.05

The above is just an example to illustrate the calculation of cash component. Cash Component will vary depending upon the actual charges incurred like Custodial Charges and other incidental charges for creating units.

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

Suppose an investor invests (in Rupees)	A	20,000,000.00
Cost per unit (Allotment Price)	B	117.18
Units allotted rounded off	C =A/B	170677.59
Value of units allotted	D = B*C	170,676.00
Balance fractional units refunded to investor (Rs)	E = A-D	19,829,324.00

Procedure for Purchase and Redemption of Units

The following three types of investors may subscribe to the units of the scheme. There are some restrictions on their dealing with the Fund directly during the continuous offer as explained below:

	1. **Market Makers (MM):**MM is an entity engaged by AMC to provide continuous liquidity on the stock exchange platform. MM may buy and redeem units in creation unit size or in multiples thereof directly from the Fund on any business day. AMCs shall facilitate in-kind creation and redemption of units of ETFs (including Debt ETFs) by MMs on a best effort basis. 2. **Large Investors (LI):** LI may buy and redeem units in transaction value greater than Rs.25 crores or such other amount as may be specified by SEBI from time to time and in creation unit size or in multiples thereof directly from the Fund on any business day as and when permitted by the AMC. 3. **Other Investors:** Investors other than MM and LI may buy or sell units of the ETF Scheme from the stock market only, on an ongoing basis except in situations mentioned under 'Exit opportunity in case of ETF for investors other than Market Makers and Large Investors' in the SID. **Market Making Settlement Process** i) Market making settlement process would enable net settlement between cash leg of transactions in units of ETF by the MM and consequent transaction in underlying basket by the ETF. ii) MMs shall be permitted to transact in the basket of securities underlying the ETF against equivalent transactions in units of ETFs and transfer the net obligation of such transactions to the ETF for unit creation or redemption. The AMCs shall be allowed to create or redeem units of ETFs without upfront payment of 100% value of such units or upfront delivery of such units by the MMs, respectively. iii) The above mechanism shall be permitted subject to equivalent transactions in units and underlying basket for the same settlement cycle and confirmation of both the legs by the Custodian. iv) For the above mechanism ETFs shall be allowed to buy or sell their own units, without the same forming part of the asset allocation of the scheme v) Facilitation of the above mechanism for equity ETFs shall be at the discretion of the AMC. **1. Requirement of Demat account for investing in the scheme.** The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant. 2. **Procedure for Purchase/Redemption of Units directly from the Fund:** Only Market Makers/Large Investors can purchase or redeem unit directly from the Fund as per the procedure given below:

	a. Creation/Redemption of units in Creation Unit Size by Exchanging Portfolio Deposit The Fund creates / redeems the scheme units in large size known as "Creation Unit". The value of the "Creation Unit" of the ETF Scheme or in multiple thereof called as the "Portfolio Deposit" and a "Cash Component" which will be exchanged for corresponding number of units. The Portfolio Deposit and Cash Component may change from time to time and will be announced by Fund on its website. Portfolio deposit shall be made into a pre-designated depository account. AMC may, at its sole discretion, create units of the Scheme in 'Creation Unit' size in "Cash". Large investors may buy and redeem units in transaction value greater than Rs.25 crores or such other amount as may be specified by SEBI from time to time and in creation unit size directly from the Fund. **b. Procedure for Creating Scheme's units in Creation Unit Size** Subscription in-kind (portfolio deposit) MM/LI may deposit requisite basket of securities comprising underlying benchmark constituting the Portfolio Deposit and Cash component. The requisite securities constituting the Portfolio Deposit have to be transferred to the designated depository account of the scheme while the Cash Component along with transaction handling charges has to be paid to the AMC based on the request by MM/LI by way of a cheque or any other mode of payment. The AMC will have the corresponding number of units credited to the depository account of the MM/LI. Subscription in cash Subscription of the ETF Units in Creation Unit Size may be made by MM / LI on payment of requisite Cash (through cheque or other modes of payment), as determined by the AMC equivalent to the cost incurred towards the purchase of predefined basket of securities that represent the Underlying Index (i.e. Portfolio Deposit), Cash Component and transaction handling charges, if any. Units may be allotted only on realization of the full consideration for creation unit and at the value at which the underlying stocks for the creation unit is purchased against that purchase request. The AMC will have the corresponding number of units credited to the depository account of the MM/LI. **c. Procedure for Redeeming Scheme's units in Creation Unit Size** Redemption in-kind (portfolio deposit): MM/LI may submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which MM/LI has a depository account. Redemption proceeds in the form of basket of securities included in the underlying index in the same proportion will be credited to the designated DP account of the MM/LI. Any fractions in the number of securities transferable to MM/LI will be rounded off to the lower integer and the value of the fractions will be added to the cash component payable. Applicable cash component will be recovered along with necessary transaction handling charges.

	Redemption in cash: The Fund at its discretion may accept the request of MM/LI for payment of redemption proceeds in cash in creation unit size or in multiples thereof. Such investors shall submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which MM/LI has a depository account. whereupon the Fund will arrange to sell underlying portfolio securities on behalf of the investor. Accordingly, the sale proceeds at the actual execution price of the underlying portfolio, after adjusting necessary transaction handling charges/costs and applicable cash component, will be remitted to the investor. The number of Units so redeemed will be subtracted from the unitholder's account balance (DP) and a statement to this effect will be issued to the unitholder by depository. **d. Redemption method:** • Unitholder (large investor or authorized participant) may submit to any of the offices of AMC Redemption request Form enclosed with a copy of redemption request duly acknowledged by the depository participant. • The depository participant will process the request and forward the same to Registrar to the Scheme in the normal course. • The time taken for confirmation of repurchase of units is dependent upon the timelines and procedures of depositories. • Redemption proceeds in the form of Portfolio of securities will be transferred to the demat account of the unit holder within three days of confirmation with the depository records or the sale proceeds at the actual execution price of the underlying portfolio, after adjusting necessary transaction handling charges/costs and applicable cash component, will be remitted to the unit holder. **e. Buying /Selling through the Stock Exchange** Buying / Selling units on the stock exchange is just like buying / selling any other normal listed securities. If an investor has bought units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The trading member would pay the money or deliver the units to the investor in accordance with time prescribed by the stock exchange regulations. If an investor has bought units, he should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange's clearing corporation. An investor who has sold units should instruct his/her Depository

Participant (DP) to give 'Delivery Out' instructions to transfer the units from his/her trading member through whom he/she have sold the units. The details of the pool A/c of his/her trading member to which the units are to be transferred, unit quantity etc. should be mentioned in the delivery out instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the delivery out instructions should be given atleast 24 hours prior to the cut off time for the prescribed securities pay in to avoid any rejection of instructions due to data entry errors, network problems, etc.

f. Exit opportunity in case of ETF for investors other than Market Makers and Large Investors:

Investors other than Market Makers and Large Investors can directly approach the AMC for redemption of units of ETFs, for transaction of upto INR 25 crores or such other amount as may be specified by SEBI from time to time without any exit load or such other amount as may be specified by SEBI from time to time, in case of the following scenarios:

a. Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days, or
b. No quotes are available on stock exchanges for 3 consecutive trading days, or
c. Total bid size on the exchange is less than half of creation units size daily, averaged over a period of 7 consecutive trading days.

In such a scenario valid applications received from investors for redemption upto 3 p.m. on any trading day, shall be processed by the AMC at the closing NAV of the day. .

Such instances shall be tracked by the AMC on an ongoing basis and incase if any of the above mentioned scenario arises the same shall be disclosed on the website of the AMC.

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

Type of investor and transaction details	Sale of units by Mutual Fund	Redemption of units by unit holders

	During Continuous offer Market Maker/ Authorized Participants Large Investor Other investors	Any business day in creation unit or in multiples thereof * Size at applicable NAV and transaction handling charges. Any business day in creation unit or in multiples thereof * Size at applicable NAV and transaction handling charges. (Any Transaction placed for redemption or subscription directly with the AMC must be greater than INR 25 crores or such other amount as may be specified by SEBI from time to time) Only through stock exchange	Any business day in creation unit or in multiples thereof * Size Any business day in creation unit or in multiples thereof * Size (Any Transaction placed for redemption or subscription directly with the AMC must be greater than INR 25 crores or such other amount as may be specified by SEBI from time to time.) Only through stock exchange
	Role of Market Maker	Gives two way quotes in the secondary market. Stands as a seller for a buy order.	Gives two-way quotes in the secondary market. Stands as a buyer against a sell order.
	Role of large investor	Only an investor – no other role in the scheme operations.	-

III. OTHER DETAILS

A. Periodic Disclosures

Monthly and Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus of the scheme is currently invested. The market value of these	The Mutual Funds/ AMCs, shall disclose portfolio (along with ISIN) as on monthly, half-yearly basis for all the schemes on the website of the Kotak Mahindra Mutual Fund viz. www.kotakmf.com and on the website of AMFI (www.amfiindia.com) within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format. The link for the mentioned disclosures – https://www.kotakmf.com/Information/statutory-disclosure/information In accordance with Para 5.1 and 5.3 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024 ,unitholders

investments is also stated in portfolio disclosures.	whose e-mail addresses are registered, Mutual Funds/AMC shall send the details of the scheme portfolio including the scheme risk-o-meter, name of benchmark and risk-o-meter of benchmark while communicating the fortnightly, monthly and half-yearly statement of scheme portfolio via email within 5 days of every fortnight for debt schemes, 10 days from the close of each month for other schemes and 10 days from the close of half-year for all schemes. AMCs shall provide a link to investors to their registered email to enable the investor to directly view/download only the portfolio of schemes subscribed by the said investor. The Mutual Fund / AMC shall provide a physical copy of statement of its scheme portfolio, without charging any cost, on specific request received from a unit holder. An advertisement shall be published every half-year disclosing the hosting of the half-yearly statement of the schemes on website of Kotak Mahindra Mutual Fund and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.
Monthly Disclosures	The scheme shall disclose the following on monthly basis: i. Name and exposure to top 7 issuers and stocks respectively as a percentage of NAV of the scheme ii. Name and exposure to top 7 groups as a percentage of NAV of the scheme. iii. Name and exposure to top 4 sectors as a percentage of NAV of the scheme. Change in constituents of the index, if any, shall be disclosed on the AMC website on the day of change.
Half Yearly Results	The soft copy of unaudited financial results shall within one month from the close of each half year i.e. 31st of March and the 30th of September, be hosted on the website kotakmf.com and will be sent to AMFI for posting on its website www.amfiindia.com. The link for the mentioned disclosures – https://www.kotakmf.com/Information/statutory-disclosure/financials Also an advertisement of hosting of the unaudited results shall be published in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.
Annual Report	Pursuant to Regulation 56 of SEBI (Mutual Funds) Regulations, 1996 read with Para 5.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024 and SEBI Mutual Fund (Second Amendment) Regulation 2018, the scheme wise annual report or abridged summary thereof will be hosted on the website in machine readable format of Kotak Mahindra Mutual Fund viz. www.kotakmf.com and on the website of AMFI, immediately after approval in Annual General Meetings within a period of four months, from the date of closing of the financial year (31st March). The AMCs shall display the link prominently on the website of the Kotak Mahindra Mutual Fund viz. www.kotakmf.com and make the physical copies available to the unitholders, at their registered offices at all times. Unit holders whose e-mail addresses are not registered will have to specifically 'opt in' to receive physical copy of scheme wise annual report or abridged summary thereof. The unit holders may request for a physical copy of scheme annual reports at a nominal price and the text of the relevant scheme by writing to the Kotak Mahindra Asset Management Company Ltd. / Investor Service Centre / Registrar & Transfer Agents. The Mutual Fund / AMC shall provide a physical copy of abridged

	report of the annual report, without charging any cost, on specific request received from a unit holder. An advertisement shall be published every year disclosing the hosting of the scheme wise annual report on website of Kotak Mahindra Mutual Fund and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi. The link for the mentioned disclosures - https://www.kotakmf.com/Information/statutory-disclosure/financials
Scheme Summary Document (SSD)	In accordance with SEBI letter dated December 28, 2021 and AMFI emails dated March 16, 2022 and March 25, 2022, Scheme summary document for all schemes of Kotak Mahindra Mutual Fund in the requisite format (pdf, spreadsheet and machine readable format) shall be uploaded on a monthly basis i.e. 15th of every month or within 5 working days from the date of any change or modification in the scheme information on the website of Kotak Mahindra Mutual Fund i.e. www.kotakmf.com, AMFI i.e. www.amfiindia.com and Registered Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
Risk-o-meter	In accordance with Para 17.4 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024. The Risk-o-meter shall have following six levels of risk: i. Low Risk ii. Low to Moderate Risk iii. Moderate Risk iv. Moderately High Risk v. High Risk and vi. Very High Risk The evaluation of risk levels of a scheme shall be done in accordance with the aforesaid circular. Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders. The risk-o-meter shall be evaluated on a monthly basis and the risk-o-meter alongwith portfolio disclosure shall be disclosed on the AMC website as well as AMFI website within 10 days from the close of each month. Portfolio disclosure along with risk o meter details will be available at www.kotakmf.com and on the website of AMFI (www.amfiindia.com)
I-NAV	I-NAV of the Scheme i.e. the per unit NAV based on the current market value of its portfolio during the trading hours of the Scheme, shall be disclosed on a continuous basis on the Stock Exchange(s), where the units of the Scheme are listed and traded and shall be updated within a maximum time lag of 15 seconds from underlying market.
Tracking Error and Tracking Difference	In accordance with para 3.6.3 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024: • The tracking error i.e. the annualized standard deviation of the difference in daily returns between underlying index and the NAV of the Scheme, is based on past one year rolling over data shall not exceed 2%. The disclosure regarding the same shall be made on monthly basis on the website of the Kotak Mahindra Mutual Fund viz. www.kotakmf.com.

	• In case of unavoidable circumstances in the nature of force majeure which are beyond the control of the AMC, the tracking error may exceed 2%, for which approval of Board of AMC and Trustees shall be taken and the same shall prominently be disclosed on the website of the Kotak Mahindra Mutual Fund viz. www.kotakmf.com. Along with tracking error, tracking difference i.e. the annualized difference of daily returns between the index or goods and the NAV of the ETF/ Index Fund shall also be disclosed on the website of the AMC viz. www.kotakmf.com and AMFI, on a monthly basis, for tenures 1 year, 3-year, 5 year, 10 year and since the date of allotment of units.

B. Transparency/NAV Disclosure

The Kotak Nifty Midcap 50 ETF units will be initially listed on NSE and all purchase and sale of units by investors other than Market Makers and Large Investors will be done on the stock exchange. The NAV has a reference value for investors and will be useful for Market Makers for offering quotes on the Stock Exchange.

The NAVs of the Scheme will be calculated and disclosed on every Business Day on the website of the Kotak Mahindra Mutual Fund viz www.kotakmf.com and AMFI's website www.amfiindia.com by 11.00 p.m.

Unitholders may avail the facility to receive the latest available NAVs through SMS by submitting a specific request in this regard to the AMC/Mutual Fund.

Delay in uploading of NAV beyond 11.00 p.m. on every business day shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following business day due to any reason, a press release for revised NAV shall be issued.

The portfolio of the scheme (alongwith ISIN) shall also be disclosed on the website of Mutual Fund (www.kotakmf.com) and on the website of AMFI (www.amfiindia.com) on a monthly and half-yearly basis within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format.

The AMC may also calculate intra-day indicative NAV i.e. the per unit NAV based on the current market value of its portfolio during the trading hours of the Scheme. The same shall be disclosed on a continuous basis on the Stock Exchange(s), and updated within a maximum time lag of 15 seconds from underlying market. Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the MM/LI.
For transactions by Market Makers / large investors directly with the AMCs intra-day NAV, based on the executed price at which the securities representing the underlying index or underlying commodity(ies) are purchased / sold, shall be applicable along with applicable cash component and transaction charges.

C. Transaction charges and stamp duty

(a) Transaction Charges - Pursuant to Para 10.5 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2024/90 dated June 27, 2024, transaction charge per subscription of Rs. 10,000/- and above be allowed to be paid to the distributors of the Kotak Mahindra Mutual Fund products. Investors are requested to note that no transaction charges shall be deducted from the investment amount given by the investor for all transactions / applications (including SIP's) received through the distributors (i.e. in Regular Plan) and full investment amount (subject to deduction of statutory charges, if any) will be invested in the Scheme.

(b) Stamp Duty - Pursuant to Notification No. S.O. 4419(E) dated December 10, 2019 and Notification No. G.S.R 226 (E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019 and clarification letter no : SEBI/IMD/DF2/OW/P/2020/11099/1 issued by Securities and Exchange Board of India dated June 29, 2020,a stamp duty @ 0.005% would be levied on all applicable mutual fund transactions.

Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions to the unitholders would be reduced to that extent.

Details regarding transaction charges and stamp duty refer to SAI.

D. Associate Transactions

Please refer to Statement of Additional Information (SAI)

E. Taxation

For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

The information is provided for general information purposes only. However, in view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with respect to the specific tax implications arising out of his or her participation in the scheme.

Short Term Capital Gain Taxation Rates -Resident Individual, HUF, Domestic Corporate, NRI$

Particulars	**Investments made**	**Listed or Unlisted**	**Short-term capital gains**	
			Holding Period	**Tax Rate^**
Equity oriented mutual fund (> = 65% Domestic equity shares)	--	--	= < 12 months	20%

$ Subject to NRI having Permanent Account Number (PAN) in India. The TDS deductible in case of NRI shall also be increased by applicable surcharge as per Note 1 and 4% health and education cess. In case of NRI, if PAN is not available and specified declaration is not provided as specified under Rule 37BC, TDS @ higher of 20% or rates calculated as above will be deducted. The tax rates are subject to DTAA benefits available to NRI's. As per the Finance Act 2013, submission of tax residency certificate (“TRC”) will be necessary for granting Double Taxation Avoidance Agreement (“DTAA”) benefits to non-residents. A Taxpayer claiming DTAA benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. Further, in addition to the TRC, the non-resident shall also provide electronically filed Form 10F and such other documents /information, as may be prescribed by the Indian Tax Authorities and Kotak Mahindra Mutual Fund or Kotak Mahindra Asset Management Company Ltd. Further investor needs to certify in its No PE declaration that the one of the principle purpose of investment is not to avail the treaty benefits & the investment asset & investment income are beneficial hold by the investor claiming DTAA benefits.

^ Tax rates for resident and non-residents shall be increased by applicable surcharge as per Note 1 and 4% Health & Education Cess.

Long term capital gain taxation rates -Resident Individual, HUF, Domestic Corporate, NRI$

Particulars	Investments made	Listed or Unlisted	Long-term capital gains	
			Holding Period	**Tax Rate^**
Equity oriented mutual fund (> = 65% Domestic equity shares)	--	--	> 12 months	12.50%

$ The TDS deductible in case of NRI shall also be increased by applicable surcharge as per Note 1 and 4% health and education cess. In case of NRI, if PAN is not available and specified declaration is not provided as specified under Rule 37BC, TDS @ higher of 20% or rates calculated as above will be deducted. The tax rates are subject to DTAA benefits available to NRI's. As per the Finance Act 2013, submission of tax residency certificate ("TRC") will be necessary for granting Double Taxation Avoidance Agreement ("DTAA") benefits to non-residents. A Taxpayer claiming DTAA benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. Further, in addition to the TRC, the non-resident shall also provide electronically filed Form 10F and such other documents /information, as may be prescribed by the Indian Tax Authorities and Kotak Mahindra Mutual Fund or Kotak Mahindra Asset Management Company Ltd. Further investor needs to certify in its No PE declaration that the one of the principle purpose of investment is not to avail the treaty benefits & the investment asset & investment income are beneficial hold by the investor claiming DTAA benefits.

^ Tax rates for resident and non-residents shall be increased by applicable surcharge and health and education cess as per Note 1.

Tax implication on income distribution cum capital withdrawal (IDCW) received by unit holders

Categories of Unit Holders	**Threshold**	**TDS Rate**	**Taxation Rate**
Resident Unit Holders	Rs. 5,000	10%	As per applicable slab rates plus applicable surcharge and cess (Refer Note 1)
Non-Resident Unit Holders (subject to DTAA benefits, in case applicable)			
(1) FII/FPI	NILs	20% plus applicable surcharge and cess (Refer note 1)	20% plus applicable surcharge and cess (Refer Note 1)
(2)Foreign company/corporates			
Purchase in Indian Rupees	NILs	20% plus applicable surcharge and cess (Refer note 1)	35% plus applicable surcharge and cess (Refer Note 1)
Purchase in Foreign Currency	NILs	20% plus applicable surcharge and cess (Refer note 1)	20% plus applicable surcharge and cess (Refer Note 1)
(3) Others			
Purchase in Indian Rupees	NILs	20% plus applicable surcharge and cess	At slab rates applicable plus

		(Refer note 1)	applicable surcharge and cess (Refer Note 1)
Purchase in Foreign Currency	NILs	20% plus applicable surcharge and cess (Refer note 1)	20% plus applicable surcharge and cess (Refer Note 1)

Note 1: -
A) In case of foreign companies;
- 2% where the total income exceeds Rs. 10,000,000 but less than / equal to Rs. 100,000,000
- 5% where the total income exceeds Rs. 100,000,000
B) In case of resident domestic corporate unit holders;
- 7% where the total income exceeds Rs. 10,000,000 but less than / equal to Rs. 100,000,000 or
- 12% where the total income exceeds Rs. 100,000,000
- 10% where domestic company is eligible & exercises the option granted u/s 115BAA or 115BAB of the Act.
C) In case of non-corporate resident unit holders being partnership firms covered under Indian Partnership Act, 1932/ Limited liability partnership covered under Limited Liability Partnership Act, 2008:
- 12% where the total income exceeds Rs.10,000,000

D) (I) In case of resident and non-resident unit holders being individual, HUF, AOP, BOI and artificial juridical person (opting old regime of taxation);

Income	**Surcharge Rates**		
Total Income	Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend).	Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend).	Capital gains covered under section 111A, section 112A, section 112, & 115AD(1)(b) & company dividend.
Upto 50Lakh		Nil	Nil
More than 50Lakh up to 1 Cr		10%	10%
More than 1 Cr but up to 2Cr		15%	15%
More than 2 Cr	Up to 2 cr	15%	15%
	More than 2 cr but up to 5cr	25%	15%
	More than 5cr	37%	15%

(II) In case of resident and non-resident unit holders being individual, HUF, AOP, BOI and artificial juridical person (who have not elected for old regime of taxation);

Income	**Surcharge Rates**		
Total Income	Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend).	Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend).	Capital gains covered under section 111A, section 112A, section 112, & 115AD(1)(b) & company dividend.
Upto 50Lakh		Nil	Nil

More than 50Lakh up to 1 Cr		10%	10%
More than 1 Cr but up to 2Cr		15%	15%
More than 2 Cr	Up to 2 cr	15%	15%
	More than 2 cr	25%	15%

Note 2: - W.e.f 01.04.2020, as per Section 115R, no additional income tax payable on amount of distributed income on or after 01.04.2020.

Note 3: - Section 112A r.w.s section 55(ac) levies capital gains tax @ 12.5% on Long Term Capital Gains arising on transfer of units of equity-oriented funds.
The salient features of the capital gain tax are as under:

- Any transfer of equity-oriented fund units on or after 1 April 2018, shall not be exempt under section 10(38)
- Long term capital gains in excess of Rs. 1.25 lakh shall be taxable at rates mentioned in table above plus surcharge (if any, as applicable) plus health & education cess @ 4%.
- The capital gain will be computed without giving effect to the 1st and 2nd proviso to section 48 in the manner laid down under the section i.e. without indexation benefit and without foreign currency conversion benefit.

Note 4: - Tax Rates Regimes available for Domestic Corporate companies-
(a) 30% if investor falls into highest tax bracket.
(b) 25% If total turnover or gross receipts in the financial year 2020-21 does not exceed Rs. 400 crores.
(c) 22% lower rate is optional and subject to fulfilment of certain conditions (not claiming specified incentives and deductions) as provided in section 115BAA.
(d) 15% lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfilment of certain conditions (not claiming specified incentives and deductions as provided in section 115BAB.
Further, the domestic companies are subject to minimum alternate tax (except for those who opt for lower rate of tax of 22%/15%) not specified in above tax rates

Note 5: - As per section 139AA of the Income tax Act, 1961 ('the Act') read with rule 114AAA of the Income-tax Rules, 1962, in the case of a resident person, whose PAN has become inoperative due to PAN-Aadhaar not being linked on or before 30 June 2023, it shall be deemed that he has not furnished the PAN and tax could be withheld at a higher rate of 20% as per section 206AA of the Act

Note 6: - Relaxation to non-residents from deduction of tax at higher rate in the absence of PAN subject to them providing specified information and documents.

Note 7: - The Finance Act, 2021 introduced section 206AB (applicable from 1 July 2021) stating that tax to be deducted at twice the applicable rate in case of payments to specified person (except non-resident not having permanent establishment in India) who have not filed return of income for immediately preceding assessment year for which time limit for filing return has expired and the aggregate of tax deducted at source in his case is Rs. 50,000 or more in each of these two years. Additionally, if provisions of section 206AA are also applicable then tax to be deducted at higher of the two rates provided i.e. rate as per section 206AB or section 206AA

Note 8: - It is assumed that the mutual fund units are held as capital assets by the investors.

Note 9: - Under Section 115BAC w.e.f 01.04.2023, all individual, HUF, AOP, BOI is required to pay tax at concessional rates (as below) under the new tax regime subject to the condition that certain exemptions/ losses/ deductions cannot be claimed. In case such taxpayer intends to claim deductions / exemptions, it may elect to opt for existing tax and slabs rates to continue to apply.

Securities Transaction Cost
Equity Oriented Fund
0.001% of Redemption Value on sale of units of an equity-oriented scheme to the mutual fund.
0.001% on Sale of Units of equity oriented mutual fund (Delivery Based) on recognized stock exchange.

F. Rights of Unitholders- Please refer to SAI for details.

G. List of official points of acceptance:

https://www.kotakmf.com/Information/statutory-disclosure/disclosuresrelatedtosidandkim

H. Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority

The detailed data in respect of penalties, pending litigations, findings of inspection or investigation is available at https://www.kotakmf.com/Information/statutory-disclosure/disclosuresrelatedtosidandkim

Notes:

1. Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Scheme Information Document shall prevail over those specified in this Document.

2. The Trustees have ensured that the Scheme approved by them is a new product offered by Kotak Mahindra Mutual Fund and is not a minor modification of any existing scheme/fund/product.

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

For and on behalf of the Board of Directors,

Kotak Mahindra Asset Management Company Limited

(Investment Manager of Kotak Mahindra Mutual Fund)

Sd/-

Place: Mumbai **Ms. Jolly Bhatt**

Date: November 29, 2024 **Compliance Officer**

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.