Continuous offer for Units at NAV based prices

**This product is suitable for investors who are seeking**:  
- Capital appreciation while generating income over medium to long term.  
- Investment in debt and money market instruments as well as equity and equity related instruments while managing risk through active asset allocation  
- Medium risk.  

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

Note: Risk is represented as:

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

Name of Mutual Fund : Axis Mutual Fund  
Name of Asset Management Company : Axis Asset Management Company Limited  
Name of Trustee Company : Axis Mutual Fund Trustee Limited  
Addresses, Website of the entities :  
  - Axis House, 1st Floor,  
  - C-2, Wadia International Centre,  
  - Pandurang Budhkar Marg, Worli,  
  - Mumbai – 400 025  
  - [www.axismf.com](http://www.axismf.com)

Name of sponsor : Axis Bank Limited

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

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

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

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

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

This Scheme Information Document is dated June 20, 2014.
TABLE OF CONTENTS

HIGHLIGHTS/SUMMARY OF THE SCHEME ........................................................................ 3
Investment objective.................................................................................................. 3
Liquidity ................................................................................................................... 3
Benchmark............................................................................................................. 3
Transparency/NAV Disclosure .............................................................................. 3
Loads ....................................................................................................................... 3
Minimum Application Amount ............................................................................ 4
I. INTRODUCTION .................................................................................................. 4
  A. RISK FACTORS ............................................................................................... 4
     i. Standard Risk Factors .................................................................................. 4
     ii. Scheme Specific Risk Factors ................................................................... 4
  B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME ..................... 4
  C. SPECIAL CONSIDERATIONS, if any ......................................................... 10
  D. DEFINITIONS ............................................................................................... 11
E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY .................. 16
II. INFORMATION ABOUT THE SCHEME ............................................................. 17
  A. TYPE OF THE SCHEME ............................................................................... 17
  B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME? .................... 17
  C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS? .............................. 17
  D. WHERE WILL THE SCHEME INVEST? ...................................................... 18
E. WHAT ARE THE INVESTMENT STRATEGIES? ............................................. 24
F: FUNDAMENTAL ATTRIBUTES ........................................................................... 46
   (i) Type of a scheme ....................................................................................... 46
   (ii) Investment Objective ............................................................................... 46
   (iii) Terms of Issue ........................................................................................ 47
G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE? ................ 47
H. WHO MANAGES THE SCHEME? ................................................................... 47
I. WHAT ARE THE INVESTMENT RESTRICTIONS? ......................................... 48
J. HOW HAS THE SCHEME PERFORMED? ...................................................... 48
III. UNITS AND OFFER ....................................................................................... 55
  A. NEW FUND OFFER (NFO) ......................................................................... 55
  B. ONGOING OFFER DETAILS ....................................................................... 63
  C. PERIODIC DISCLOSURES ......................................................................... 96
  D. COMPUTATION OF NAV ......................................................................... 100
IV. FEES AND EXPENSES .................................................................................. 100
  A. NEW FUND OFFER (NFO) EXPENSES .................................................. 100
  B. ANNUAL SCHEME RECURRING EXPENSES ....................................... 100
  C. LOAD STRUCTURE ................................................................................... 103
  D. WAIVER OF LOAD FOR DIRECT APPLICATIONS .................................. 104
  V. RIGHTS OF UNITHOLDERS ..................................................................... 105
VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY .................................................. 105
HIGHLIGHTS/SUMMARY OF THE SCHEME

Investment objective

The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. It also aims to manage risk through active asset allocation.

Liquidity

The Scheme offers Units for Subscription and Redemption at NAV based prices on all Business Days on an ongoing basis. Under normal circumstances the AMC shall dispatch the Redemption proceeds within 10 Business Days from date of receipt of request from the unit holder.

Benchmark

CRISIL MIP Blended Fund Index

Transparency/NAV Disclosure

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

The AMC will disclose the portfolio of the Scheme within one month from the close of each half year (i.e. 31st March and 30th September) either by sending a complete statement to all the Unit holders or by publishing the same by way of advertisement in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The portfolio statement will also be displayed on the website of the AMC and AMFI.

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

Loads

Entry Load: Not Applicable

Exit Load: 1% if redeemed/switched out within 12 months from the date of allotment.

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

**Minimum Application Amount**

Rs. 5,000 and in multiples of Re. 1/- thereafter

**Minimum Additional Purchase Amount**

Rs.100 and in multiples of Re. 1/- thereafter

Minimum application amount is applicable at the time of creation of new folio

**I. INTRODUCTION**

**A. RISK FACTORS**

*i. Standard Risk Factors:*

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

*ii. Scheme Specific Risk Factors*

The term ‘Income Saver’ is only meant to denote the dual objectives of delivering regular returns and the endeavor to manage risk. The name of the scheme should in no way construed as a guarantee or assurance of returns or capital invested in the scheme.

While the Scheme would endeavor to manage the risk through its portfolio construction and investment processes, there is no guarantee or assurance that the investment objective of the scheme will be achieved.

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

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

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

**Basis Risk**: The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements, leading to loss of value of the portfolio.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Risks associated with investments in equities**

- Equity and equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme portfolio. Also, the value of the Scheme investments may be affected by interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.
• Investments in equity and equity related securities involve a degree of risk and investors should not invest in the equity Schemes unless they can afford to take the risk of losing their investment.

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

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

• The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility to the values.

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

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

• The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.

• The options buyer’s risk is limited to the premium paid, while the risk of an options writer is unlimited. However the gains of an options writer are limited to the premiums earned.

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

• The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.

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

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

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

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

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

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

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

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

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

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

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

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

**Risks associated with investing in foreign securities/overseas investments/offshore securities**

- Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.

- Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time.

- Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

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

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

**Risks Factors associated with transaction in Units through stock exchange(s)**

In respect of transaction in Units of the Scheme through BSE and / or NSE, allotment and redemption of Units on any Business Day will depend upon the order processing / settlement by BSE and / or NSE and their respective clearing corporations on which the Fund has no control.

**Risks associated with Securities lending**

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

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

**B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme shall have a minimum of 20 Investors and no single Investor shall account for more than 25% of the corpus of the Scheme(s). The aforesaid conditions should be complied with in each calendar quarter on an average basis. In case the Scheme(s) does not have a minimum of 20 Investors on an ongoing basis for each calendar quarter, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme(s) shall be wound up and the units would be redeemed at Applicable NAV. If there is a breach of the 25% limit by any Investor over the quarter, a rebalancing period of one month would be allowed and thereafter the Investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic Redemption by the Mutual Fund on the Applicable NAV on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

**C. SPECIAL CONSIDERATIONS, if any**

- Prospective investors should study this Scheme Information Document and Statement of Additional Information carefully in its entirety and should not construe the contents hereof as advise relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/redeem/hold Units.
- Neither this Scheme Information Document, Statement of Additional Information nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document or Statement of Additional Information in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, persons who come into possession of this Scheme Information Document or Statement of Additional Information are required to inform themselves about and to observe any such restrictions and/ or legal compliance requirements.
- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this Scheme Information Document or the Statement of Additional Information or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the Scheme Information Document or Statement of Additional Information or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
• Redemption due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise due to such Redemptions.
• The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in ‘Statement of Additional Information (‘SAI’)
• The tax benefits described in this Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India as on the date of this Scheme Information Document and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his / her own professional tax advisor.
• The Mutual Fund may disclose details of the investor’s account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.
• In case the AMC or its Sponsor or its Shareholders or their affiliates/associates or group companies make substantial investment, either directly or indirectly in the Scheme, Redemption of units by these entities may have an adverse impact on the performance of the Scheme. This may also affect the ability of the other Unit holders to redeem their units.
• As the liquidity of the Scheme’s investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Fund for Redemption of Units may be significant in the event of an inordinately large number of Redemption Requests or of a restructuring of the Scheme’s portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit Redemptions under certain circumstances - please refer to the paragraph “Right to Limit Redemptions”.
• Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc., by the unit holder the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s)/redemptions / allotment of units.

D. DEFINITIONS

<table>
<thead>
<tr>
<th>“AMC” or “Asset Management Company” or “Investment Manager”</th>
<th>Axis Asset Management Company Limited, incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Axis Mutual Fund.</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Applicable NAV”</td>
<td>The NAV applicable for purchase or redemption or Switching of Units based on the time of the Business</td>
</tr>
<tr>
<td><strong>Day on which the application is time stamped.</strong></td>
<td><strong>“Book Closure”</strong></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>The time during which the Asset Management Company would temporarily suspend Sale, redemption and Switching of Units.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>“Business Day”</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A day other than:</td>
</tr>
<tr>
<td>(i)</td>
<td>Saturday and Sunday;</td>
</tr>
<tr>
<td>(ii)</td>
<td>A day on which the banks in Mumbai and/or RBI are closed for business/clearing;</td>
</tr>
<tr>
<td>(iii)</td>
<td>A day on which the National Stock Exchange of India Limited and/or the Stock Exchange, Mumbai are closed;</td>
</tr>
<tr>
<td>(iv)</td>
<td>A day which is a public and/or bank Holiday at an Investor Service Centre/Official Point of Acceptance where the application is received;</td>
</tr>
<tr>
<td>(v)</td>
<td>A day on which Sale / Redemption / Switching of Units is suspended by the AMC;</td>
</tr>
<tr>
<td>(vi)</td>
<td>A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</td>
</tr>
</tbody>
</table>

Further, the day(s) on which the money markets and/or debt markets are closed/not accessible, shall not be treated as Business Day(s).

The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres/Official Points of Acceptance.

| **“Business Hours”** | Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be applicable from time to time. |

| **“Custodian”** | A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Deutsche Bank AG. |

| **“Depository”** | Depository as defined in the Depositories Act, 1996 (22 of 1996). |

| **“Derivative”** | Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities. |

| **“Dividend”** | Income distributed by the Mutual Fund on the Units. |
| **“Exit Load”** | Load on Redemption / Switch out of Units. |

<p>| <strong>“FII”</strong> | Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floating Rate Debt Instruments</td>
<td>Floating rate debt instruments are debt securities issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund. The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields.</td>
</tr>
<tr>
<td>Foreign Securities</td>
<td>ADRs / GDRs/ equity / debt securities of overseas companies listed on the recognized stock exchanges overseas/ or such other related securities as may be specified by SEBI and/or RBI from time to time.</td>
</tr>
<tr>
<td>Gilts or Government Securities</td>
<td>Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time.</td>
</tr>
<tr>
<td>GOI</td>
<td>Government of India</td>
</tr>
<tr>
<td>Holiday</td>
<td>Holiday means the day(s) on which the banks (including the Reserve Bank of India) are closed for business or clearing in Mumbai or their functioning is affected due to a strike / bandh call made at any part of the country or due to any other reason.</td>
</tr>
<tr>
<td>Investment Management Agreement</td>
<td>The agreement dated June 27, 2009 entered into between Axis Mutual Fund Trustee Limited and Axis Asset Management Company Limited, as amended from time to time.</td>
</tr>
<tr>
<td>Investor Service Centres or ISCs</td>
<td>Offices of Axis Asset Management Company Limited or such other centres / offices as may be designated by the AMC from time to time.</td>
</tr>
<tr>
<td>Load</td>
<td>In the case of Redemption / Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption / Switch out (Exit Load) and in the case of Sale / Switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch in of a Unit (Entry Load) in addition to the Applicable NAV. Presently, entry load cannot be charged by mutual fund schemes.</td>
</tr>
<tr>
<td>Money Market Instruments</td>
<td>Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.</td>
</tr>
<tr>
<td>Mutual Fund or the Fund</td>
<td>Axis Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882.</td>
</tr>
<tr>
<td>Net Asset Value or NAV</td>
<td>Net Asset Value per Unit of the Scheme, calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI (MF)</td>
</tr>
</tbody>
</table>
Regulations from time to time.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;NRI&quot;</td>
<td>A Non-Resident Indian or a Person of Indian Origin residing outside India.</td>
</tr>
<tr>
<td>&quot;Official Points of Acceptance&quot;</td>
<td>Places, as specified by AMC from time to time where application for Subscription / Redemption / Switch will be accepted on ongoing basis.</td>
</tr>
<tr>
<td>&quot;Person of Indian Origin&quot;</td>
<td>A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).</td>
</tr>
<tr>
<td>&quot;Rating&quot;</td>
<td>Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.</td>
</tr>
<tr>
<td>&quot;RBI&quot;</td>
<td>Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934)</td>
</tr>
<tr>
<td>&quot;Registrar and Transfer Agent&quot; or &quot;Registrar&quot;</td>
<td>Karvy Computershare Pvt. Ltd., Hyderabad, currently acting as registrar to the Scheme, or any other Registrar appointed by the AMC from time to time.</td>
</tr>
<tr>
<td>&quot;Redemption / Repurchase&quot;</td>
<td>Redemption of Units of the Scheme as permitted.</td>
</tr>
<tr>
<td>&quot;Regulatory Agency&quot;</td>
<td>GOI, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund</td>
</tr>
<tr>
<td>&quot;Repo&quot;</td>
<td>Sale/Repurchase of Securities with simultaneous agreement to repurchase / resell them at a later date.</td>
</tr>
<tr>
<td>&quot;Statement of Additional Information&quot; or &quot;SAI&quot;</td>
<td>The document issued by Axis Mutual Fund containing details of Axis Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.</td>
</tr>
<tr>
<td>&quot;Sale / Subscription&quot;</td>
<td>Sale or allotment of Units to the Unit holder upon subscription by the Investor / applicant under the Scheme.</td>
</tr>
<tr>
<td>&quot;Scheme&quot;</td>
<td>Axis Income Saver</td>
</tr>
<tr>
<td>&quot;Scheme Information Document&quot;</td>
<td>This document issued by Axis Mutual Fund, offering for Subscription of Units of Axis Income Saver (including Options there under)</td>
</tr>
<tr>
<td>&quot;SEBI&quot;</td>
<td>Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992,</td>
</tr>
<tr>
<td>&quot;SEBI (MF) Regulations&quot; or &quot;Regulations&quot;</td>
<td>Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.</td>
</tr>
<tr>
<td>&quot;Short Selling&quot;</td>
<td>Short selling means selling a stock which the seller does not own at the time of trade.</td>
</tr>
<tr>
<td>&quot;Sponsor&quot;</td>
<td>Axis Bank Limited</td>
</tr>
<tr>
<td>&quot;Switch&quot;</td>
<td>Redemption of a unit in any scheme (including the plans and options therein) of the Mutual Fund against purchase of a unit in another scheme (including the Keeping of Units of different schemes).</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>&quot;Stock Lending&quot;</td>
<td>Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.</td>
</tr>
<tr>
<td>&quot;Systematic Investment Plan&quot; / &quot;SIP&quot;</td>
<td>A plan enabling investors to save and invest in the Scheme on a periodic basis submitting post dated cheques / payment instructions.</td>
</tr>
<tr>
<td>&quot;Systematic Transfer Plan&quot; / &quot;STP&quot;</td>
<td>Facility given to the Unit holders to transfer sums on periodic basis from one scheme to another schemes launched by the Mutual Fund from time to time by giving a single instruction.</td>
</tr>
<tr>
<td>&quot;Systematic Withdrawal Plan&quot; / &quot;SWP&quot;</td>
<td>Facility given to the Unit holders to withdraw a specified sum of money each month/quarter from his investment in the Scheme.</td>
</tr>
<tr>
<td>&quot;Dividend Sweep option&quot; / &quot;DSO&quot;</td>
<td>Facility given to the Unit holders to automatically invest the dividend by eligible source scheme into eligible target scheme of the Mutual Fund.</td>
</tr>
<tr>
<td>&quot;Deed of Trust&quot;</td>
<td>The Deed of Trust dated June 27, 2009 made by and between Axis Bank Limited and Axis Mutual Fund Trustee Limited thereby establishing an irrevocable trust, called Axis Mutual Fund.</td>
</tr>
<tr>
<td>&quot;Trustee&quot; or &quot;Trustee Company&quot;</td>
<td>Axis Mutual Fund Trustee Limited incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the Trustee to the Schemes of the Mutual Fund.</td>
</tr>
<tr>
<td>&quot;Unit&quot;</td>
<td>The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme.</td>
</tr>
<tr>
<td>&quot;Unit holder&quot; or &quot;Investor&quot;</td>
<td>A person holding Units in Axis Income Saver.</td>
</tr>
</tbody>
</table>

**INTERPRETATION**

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

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

It is confirmed that:

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

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

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

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

Place: Mumbai
Date: June 20, 2014

Signed: Sd/-
Name: Gopal Menon
Designation: Head – Compliance, Legal & Secretarial
II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

An Open Ended Income Fund

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. It also aims to manage risk through active asset allocation.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the asset allocation will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (% of net assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Maximum</td>
</tr>
<tr>
<td>Debt* and money market instruments#</td>
<td>65</td>
<td>99</td>
</tr>
<tr>
<td>Equity and Equity related instruments#</td>
<td>1</td>
<td>35</td>
</tr>
</tbody>
</table>

*Includes securitized debt (excluding foreign securitized debt) up to 65% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.

# including derivative instruments to the extent of 100% of the Net Assets of the scheme. The Scheme may use fixed income derivative instruments subject to the guidelines as maybe issued by SEBI and RBI from time to time. The Scheme may also use equity derivatives as permitted vide SEBI Circular no. DNPDCir 29/2005 dated September 14, 2005 and SEBI Circular No. DNPDCir-30/2006 dated January 20, 2006 and SEBI circular No. SEBI/DNPD/Cir-31/2006 dated September 22, 2006. The Scheme may use derivatives for such purposes as maybe permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time.

The Scheme can invest up to 50% of net assets in Foreign Securities.

In accordance with SEBI Circular No. CIR/IMD/DF/21/2012 dated 13th September, 2012, the total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 30% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 30%) not exceeding 10% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 30% of the net assets of the scheme.
Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time.

The Scheme may engage in Short Selling of securities in accordance with the framework relating to Short Selling and securities lending and borrowing specified by SEBI.

The Scheme may also engage in Securities Lending. The Scheme shall not deploy more than 20% of its net assets in securities lending and not more than 5% of the net assets of the Scheme will be deployed in securities lending to any single counterparty.

The Scheme retains the flexibility to invest across all the securities in the equity, debt and Money Markets Instruments and mutual fund units. The portfolio may hold cash depending on the market condition. The fund manager can use Derivative instruments to protect the downside risk.

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary substantially depending upon the perception of the fund manager; the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and for defensive considerations only. In case of deviation, the portfolio would be rebalanced within 1 month from the date of deviation. In case the same is not aligned to the above asset allocation pattern within 1 month, justification shall be provided to the Investment Review Committee and reasons for the same shall be recorded in writing. The Investment Review committee shall then decide on the course of action.

'Axis Income Saver, an open ended Income fund is a new scheme offered by Axis Mutual Fund and is not a minor modification of any other existing scheme/product of Axis Mutual Fund. Differentiation as follows:

<table>
<thead>
<tr>
<th>Name of the existing scheme</th>
<th>Asset Allocation Pattern</th>
<th>Indicative Allocation (% of net assets)</th>
<th>Primary Investment Objective</th>
<th>AUM as on May 31, 2014 (Rs. In crores)</th>
<th>No. of Folios as on May 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis Short Term Fund</td>
<td>Instruments</td>
<td>Min</td>
<td>Max</td>
<td>Endeavor to generate stable returns with a low risk strategy while maintaining liquidity through a portfolio comprising of debt and money market instruments, the modified duration in a range of 3 months to 3 years will be achieved.</td>
<td>852.74</td>
</tr>
<tr>
<td></td>
<td>Money market instruments and debt instruments including government securities, corporate debt, securitized debt and other debt instruments with maturity/average maturity/residual maturity/interest rate resets less than or equal to 375 days or have put options</td>
<td>30</td>
<td>100</td>
<td>Endeavor to maintain</td>
<td></td>
</tr>
</tbody>
</table>

Investment Strategy:
The Fund Manager will try to allocate the assets of the scheme in a diversified rate view.
within a period not exceeding 375 days.

| Debt instruments including government securities, corporate debt, securitized debt and other debt instruments with maturity/average maturity/residual maturity/interest rate resets greater than 375 days | 0 | 70 |

portfolio of various high quality Fixed Income Securities to achieve stable returns while having a low risk strategy.

The fund manager will seek to look for investment opportunities with the same class of fixed income securities (e.g. government securities) having different maturities (e.g. government securities having a maturity of 1 year and 2.5 years) or different classes of Fixed Income Securities with the same maturity profile/residual maturity. (e.g. a government security, an NBFC and a manufacturing corporate security having a residual maturity of 2 years).

To provide optimal returns and liquidity to the investors by investing primarily in a mix of money market and short term debt instruments which results in a portfolio having marginally higher maturity as compared to a liquid fund at the same time maintaining a balance between safety and liquidity. However, there can be no assurance that the investment objective of the scheme will be achieved.

**Investment Strategy**

The risk-return profile of this Endeavor fund positions it in between a liquid fund and short duration income fund. The portfolio strategy seeks to increase yield by having a marginally higher maturity and up to 6 moderately higher credit risk months as compared to a liquid dependent fund; whilst maintaining a balance between safety and rate view.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (% of net assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>Money Market &amp; Debt instruments with maturity/average maturity/residual maturity/interest rate resets less than or equal to 1 year</td>
<td>70%</td>
</tr>
<tr>
<td>Debt instruments with maturity/average maturity/residual maturity/interest rate resets greater than 1 year</td>
<td>0%</td>
</tr>
</tbody>
</table>

To generate optimal returns while maintaining liquidity through active management of a portfolio of debt and money market instruments.

Active duration management
### Debt instruments including G Secs and Corporate debt

<table>
<thead>
<tr>
<th>Types of Instruments</th>
<th>Normal Allocation (% of Net Assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Securities, Treasury Bills, Repo &amp; CBLO</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Money Market instruments

<table>
<thead>
<tr>
<th>Types of Instruments</th>
<th>Normal Allocation (% of Net Assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

### Investment Strategy

The investment objective of this scheme is to maximize risk adjusted returns to the investor through an active management of the portfolio, by elongating the duration of the portfolio in a falling interest rate scenario and reducing the duration at a time when interest rates are moving up.

With the discretion to take aggressive interest rate/duration risk calls, this could mean investing the entire net assets in long dated Government securities and debt instruments (carrying relatively higher interest rate risk/duration risk), or on defensive considerations, entirely in money market instruments. Accordingly, the interest rate risk/duration risk of the scheme may change substantially depending upon the Fund’s call.

To generate returns similar to that of 10 year government bonds.

### Investment Strategy

The scheme will aim to generate returns similar to the 10 year government bond through investments predominantly in government securities.

The scheme will endeavor to maintain an average maturity of close to 10 years. The normal range of average maturity for the scheme would be between 9 and 11 years. The scheme does not intend to actively manage the duration.

By investing predominantly in government securities, the scheme aims to maintain a high degree of credit quality and liquidity.
### Types of Instruments & Normal Allocation (% of Net Assets)

<table>
<thead>
<tr>
<th>Types of Instruments</th>
<th>Normal Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market instruments (including cash, repo, CPs, CDs, Treasury Bills and</td>
<td>Minimum 50%</td>
</tr>
<tr>
<td>Government securities) with maturity/residual maturity up to 91 days</td>
<td>Maximum 100%</td>
</tr>
<tr>
<td>Debt instruments (including floating rate debt instruments and securitized debt)</td>
<td>Minimum 0%</td>
</tr>
<tr>
<td>with maturity/residual maturity/ weighted average maturity up to 91 days</td>
<td>Maximum 50%</td>
</tr>
</tbody>
</table>

**Explanation:**

a. In case of securities where the principal is to be repaid in a single payout, the maturity of the securities shall mean residual maturity. In case the principal is to be repaid in more than one payout then the maturity of the securities shall be calculated on the basis of weighted average maturity of the security.

b. In case of securities with put and call options (daily or otherwise) the residual maturity of the securities shall not be greater than 91 days.

c. In case the maturity of the security falls on a Non Business Day, then settlement of securities will take place on the next Business Day.

---

**Investment Strategy**

Under normal circumstances, the fund shall seek to generate reasonable returns commensurating with low risk by positioning itself at the lowest level of risk-return matrix.

The Scheme will invest which predominantly in money market securities with some tactical allocation towards debt securities to enhance the portfolio returns. The portfolio will be structured to incorporate asset-liability management based on seasonal/historic trends of liabilities. As yield curve has been observed to be flat (overnight to 3 months) during most of the times, attempt will be made to space out the assets uniformly across the maturity buckets. However any irregularity in the shape of the curve (steep/inverted) will be played out in the portfolio construction after analysing the macro-economic environment.

---

**Endeavor to maintain the modified duration in a range of 2-7 years depending on the interest rate view.**

---

**To provide a high level of liquidity with reasonable returns commensurating with low risk through a portfolio of money market and debt securities.**

**To generate optimal returns in the medium term while maintaining liquidity of the portfolio by investing in debt and money market instruments.**

**Investment Strategy**

The scheme proposes to invest in a diversified portfolio of high quality debt and money market securities to generate optimal risk-adjusted returns in the medium term.
The fund management team is going to take a medium term view on the interest rate structure. While determining the portfolio duration, the fund manager will keep in mind the state of the local economy, inflation numbers as well as the global economic scenario.

The fund manager will try to allocate assets of the scheme between various fixed income securities taking into consideration the prevailing interest rate scenario, the liquidity of the different instruments and maintain a diversified portfolio with the objective of achieving optimal risk adjusted returns. While investing the fund manager will keep in mind the yield structure of different asset classes (e.g. the sovereign yield curve and the corporate bond yield curve) as well as kinks within a particular yield curve (e.g. the different points of the sovereign yield curve).

**Investment Strategy:**

The scheme aims to generate stable returns by investing predominantly in debt & money market instruments issued by banks. The scheme endeavors to generate optimum returns with low credit risk.

Investment in debt & money market instruments issued by banks, treasury bills & government securities is primarily invested with the intention of maintaining high credit quality & liquidity. Atleast 70% of the net assets of the scheme shall be invested in debt & money market securities rated AAA/A1+ and equivalent. The scheme shall not invest in securities rated below this category.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (% of net assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt &amp; Money Market Instruments issued by banks</td>
<td>Min 80</td>
</tr>
<tr>
<td>CBLO, Repo, T-Bills and Government Securities.</td>
<td>Min 0</td>
</tr>
</tbody>
</table>

To generate stable returns by investing predominantly in debt & money market instruments issued by banks.
The investment team of the AMC will carry out rigorous in-depth credit evaluation of the money market & debt instruments proposed to be invested in. The credit evaluation will essentially be a bottom up approach and include a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term/ long term financial health of the issuer.

To generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. It also aims to manage risk through active asset allocation.

### Investment Strategy

The Scheme has dual objectives of generating income and capital gains while attempting to manage the risk from the market. In order to achieve the twin objectives, the Scheme intends to follow a top-down and bottom-up investment strategy. The top-down process would lead to the asset-allocation between equities and fixed income and the bottom-up process would lead to construction of the portfolio using specific securities. The Scheme would invest both in equities and fixed income instruments. Allocation between the two asset classes will be done using a quantitative asset allocation methodology. This methodology will be the primary tool to manage the overall risk of the portfolio in such a way as to achieve the objective of managing risk. Exposure to equities has been simulated with a target of limiting the downside to 5% of net assets.
The asset allocation pattern and investment objective of above open ended income / debt schemes doesn’t provide for investment in equity and equity related instruments, whereas the asset allocation pattern of Axis Income Saver provides for investment in equity and equity related instruments up to 35% of net assets of the Scheme. Accordingly, Axis Income Saver is different from existing income/ debt schemes of Axis Mutual Fund.

D. WHERE WILL THE SCHEME INVEST?

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

- **Debt Instruments & Money Market Instruments**

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

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

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

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

  **Commercial Paper (CP)**

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

  **Treasury Bill (T-Bill)**

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

Bill (bills of exchange/promissory notes of public sector and private sector corporate entities)
Repos
Repo (Repurchase Agreement) or Reverse Repo is a transaction in which two parties agree to sell and purchase the same security with an agreement to purchase or sell the same security at a mutually decided future date and price. The transaction results in collateralized borrowing or lending of funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

Originators may be: Banks, Non Banking Finance Companies, Housing Finance Companies, etc. The fund manager / credit analyst evaluates originators based on the following parameters:
- Track record
- Willingness to pay, through credit enhancement facilities etc.
- Ability to pay
- Business risk assessment, wherein following factors are considered:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

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

The following additional evaluation parameters are used as applicable for the originator / underlying issuer for pool loan and single loan securitization transactions:
- Default track record/ frequent alteration of redemption conditions / covenants
- High leverage ratios of the ultimate borrower (for single-sell downs) – both on a standalone basis as well on a consolidated level/ group level
• Higher proportion of reschedulement of underlying assets of the pool or loan, as the case may be
• Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
• Poor reputation in market
• Insufficient track record of servicing of the pool or the loan, as the case may be.

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

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

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

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

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

The credit analyst looks at ageing (i.e., how long the loan has been with the originator before securitization) as one way of judging the performance potential of the PTC. Additional risk mitigants may include interest subvention, over collateralization, presence of an equity / subordinate tranche and / or guarantees. The credit analyst also uses analyses by credit rating agencies on the risk profile of the securitized debt.

Currently, the following parameters are used while evaluating investment decision relating to a pool securitization transaction. The Investment Review Committee may revise the parameters from time to time.

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

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

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

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

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

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

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

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

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

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the “true sale” criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenor and structure of the securitization transaction. The Fund will invest in securitized debt that are compliant with the laws and regulations.
7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund

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

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

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

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

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

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

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

Debt derivative instruments:

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

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

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

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

**Characteristics of Interest Rate Futures**

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

**Equity and Equity Related Instruments:**

1. *Equity share* is a security that represents ownership interest in a company.

2. *Equity Related Instruments* are securities which give the holder of the security right to receive Equity Shares on pre-agreed terms. It includes convertible bonds, convertible debentures, equity warrants, convertible preference shares, etc.

3. *Equity Derivatives* are financial instruments, generally traded on an exchange, the price of which is directly dependent upon (i.e., “derived from”) the value of equity shares or equity indices. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property.

4. *Foreign equity and Equity Related Instruments* as may be permitted by SEBI/RBI from time to time.
5. *Equity Derivatives:*

**Futures:**

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

SEBI has permitted futures contracts on indices and individual stocks with maturity of 1 month, 2 months and 3 months on a rolling basis. The futures contracts are settled on last Thursday (or immediately preceding trading day if Thursday is a trading holiday) of each month. The final settlement price is the closing price of the underlying stock(s)/index.
Options:
Option is a contract which provides the buyer of the option (also called holder) the right, without the obligation, to buy or sell a specified asset at the agreed price on or upto a particular date. For acquiring this privilege, the buyer pays premium (fee) to the seller. The seller on the other hand has the obligation to buy or sell specified asset at the agreed price and for this obligation he receives premium. The premium is determined considering number of factors such as the market price of the underlying asset/security, number of days to expiry, risk free rate of return, strike price of the option and the volatility of the underlying asset. Option contracts are of two types viz:

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

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

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

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

Investment in foreign securities
The Scheme may also invest in suitable investment avenues in foreign securities in overseas financial markets for the purpose of diversification, commensurate with the Scheme objectives and subject to necessary stipulations by SEBI / RBI. Towards this end, the Mutual Fund may also appoint overseas investment advisors and other service providers, to the extent permissible under the Regulations.

The Scheme may invest in the below mentioned foreign securities subject to applicable guidelines issued by RBI and SEBI:

- ADRs (American Depository Receipts)/ GDRs (Global Depository Receipts) issued by Indian or foreign companies
- Equity of overseas companies listed on recognized stock exchanges overseas
- Initial and follow on public offerings for listing at recognized stock exchanges overseas
- Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
- Money market instruments rated not below investment grade
- Repos in the form of investment, where the counterparty is rated not below investment grade; repos shall not however, involve any borrowing of funds by the mutual funds
- Government securities where the countries are rated not below investment grade
Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
Short term deposits with banks overseas where the issuer is rated not below investment grade
Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, or (b) unlisted overseas securities (not exceeding 10% of their net assets).

Note: The Scheme will not invest in foreign securitized debt.

As per SEBI Circular SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, mutual funds can make overseas investments subject to a maximum of US $300 million or such limits as may be prescribed by SEBI from time to time. Subject to the approval of RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, interest rate futures / swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management. However, the use of such instruments shall be as permitted from time to time. All the requirement of the SEBI circular dated September 26, 2007, would be adhered to by the AMC for investment in foreign securities.

Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

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

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

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

The securities may be acquired through initial public offering (IPOs), secondary market, private placement, rights offers, negotiated deals. Further investments in debentures, bonds and other fixed income securities will be in instruments which have been assigned investment grade rating by the Credit Rating Agency.

Investment in unrated debt instruments shall be subject to complying with the provisions of Regulations and within the limit as specified in Schedule VII to the Regulations. Pursuant to SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

For applicable regulatory investment limits please refer paragraph "Investment Restrictions".
Details of various derivative instruments along with derivative strategies have been provided under the section “Derivatives Strategy”

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

E. WHAT ARE THE INVESTMENT STRATEGIES?

The scheme has dual objectives of generating income and capital gains while attempting to manage the risk from the market. In order to achieve the twin objectives, the scheme intends to follow a top-down and bottom-up investment strategy. The top-down process would lead to the asset-allocation between equities and fixed income and the bottom-up process would lead to construction of the portfolio using specific securities.

The scheme would invest both in equities and fixed income instruments. Allocation between the two asset classes will be done using a quantitative asset allocation methodology. This methodology will be the primary tool to manage the overall risk of the portfolio in such a way as to achieve the objective of managing risk. The quantitative tool has been simulated (as described below) with a target of limiting the downside to 5% in a calendar year. Within equities and fixed income, the portfolio would be actively managed to optimize returns within the respective asset class.

**Quantitative Asset Allocation Methodology**

Quantitative asset allocation methodology will be used to allocate the assets between equity & fixed income. This will be done on the basis of four parameters viz., year to date (YTD) returns, 5% downside limit of the NAV, volatility expectation of the equity markets & 35% cap on equity allocation. The parameters influence the asset allocation in the following manner:

<table>
<thead>
<tr>
<th>Change in Parameter</th>
<th>Effect on Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in YTD returns</td>
<td>Higher allocation to equity</td>
</tr>
<tr>
<td>Decrease in the gap between the current NAV &amp; the 5% downside limit</td>
<td>Lower allocation to equity</td>
</tr>
<tr>
<td>Increase in the expected volatility of the equity markets</td>
<td>Lower allocation to equity</td>
</tr>
</tbody>
</table>

Along with the above parameters, the overall allocation of the portfolio will be subject to the indicative asset allocation mentioned above.

Also, depending on the movements of the above, the asset allocation will be re-balanced periodically (weekly to monthly).

The process of asset allocation was simulated on historic data for the period 1 Jan 2004 to 31 December 2009. For the purpose of simulation, the equity allocation was simulated using the Nifty Index and the Fixed Income allocation was simulated with money market yields during each year. This simulation was done to assess the performance of the asset allocation model.
in containing the maximum drawdown to less than 5% during each year. The following table illustrates the results of the simulation:

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum Drawdown of Model</th>
<th>Maximum Drawdown of Benchmark</th>
<th>Returns from Model</th>
<th>Returns from Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>-3.02%</td>
<td>-3.69%</td>
<td>3.10%</td>
<td>2.03%</td>
</tr>
<tr>
<td>2005</td>
<td>-1.27%</td>
<td>-1.14%</td>
<td>10.52%</td>
<td>9.19%</td>
</tr>
<tr>
<td>2006</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.59%</td>
<td>9.13%</td>
</tr>
<tr>
<td>2007</td>
<td>-1.43%</td>
<td>-1.68%</td>
<td>13.11%</td>
<td>13.51%</td>
</tr>
<tr>
<td>2008</td>
<td>-3.47%</td>
<td>-10.43%</td>
<td>-0.96%</td>
<td>-2.31%</td>
</tr>
<tr>
<td>2009</td>
<td>-2.34%</td>
<td>-2.65%</td>
<td>12.94%</td>
<td>12.99%</td>
</tr>
</tbody>
</table>

As may be seen from the above table, the model has delivered returns higher than the benchmark in 4 out of 6 years. In addition, by and large the model has had a lower downside risk as compared to the benchmark.

However, investors may note that the results of the simulation may or may not be achieved in the performance of the scheme. In particular, the scheme does not provide any assurance / guarantee regarding returns or capital protection.

**Fixed Income Strategy:**

The Scheme proposes to invest in a diversified portfolio of high quality debt and money market instruments to generate regular income. The fund manager will allocate the assets of the scheme taking into consideration the prevailing interest rate scenario & the liquidity of the different instruments.

The portfolio duration and credit exposures will be decided based on a thorough research of the general macroeconomic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations. The fund manager will keep in mind the yield structure of different asset classes (e.g. the sovereign yield curve and the corporate bond yield curve) as well as the kinks within a particular yield curve (e.g. the different points of the sovereign yield curve) while making investment decisions.

**Equity related Strategy:**

The equity allocation will be managed actively. The focus would be to build a diversified portfolio of strong growth companies, reflecting our most attractive investment ideas, at all points of time.

The portfolios will be built utilising a bottom-up stock selection process, focusing on appreciation potential of individual stocks from a fundamental perspective. The AMC employs a "Fair value" based research process to analyse the appreciation potential of each stock in its universe (Fair value is a measure of the intrinsic worth of a company). The universe of stocks is carefully selected to include companies having a robust business models and enjoying sustainable competitive advantages as compared to their competitors. The Fund will have the flexibility to invest across the market capitalisation spectrum.

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

i) Quality Risk - Risk of investing in unsustainable / weak companies.

ii) Price Risk - Risk of overpaying for a company

iii) Liquidity Risk - High Impact cost of entry and exit

iv) Volatility Risk - Volatility in price due to company or portfolio specific factors

v) Event Risk - Price risk due to a company / sector specific or market event

**Derivatives Strategy:**

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

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

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

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

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

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

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

Concepts and Examples of derivatives which maybe used by the fund manager:
**Futures**

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

**Illustration with Index Futures**

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

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

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

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

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

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

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

**Arbitrage**

1. Selling spot and buying future: In case the Scheme holds the stock of a company “A” at say Rs. 100 while in the futures market it trades at a discount to the spot price say at Rs. 98, then the Scheme may sell the stock and buy the futures.
On the date of expiry of the stock future, the Scheme may reverse the transactions (i.e. buying at spot & selling futures) and earn a risk-free Rs. 2 (2% absolute) on its holdings without any dilution of the view of the fund manager on the underlying stock.

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

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

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

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

(b) Buying/ Selling Stock future:

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

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

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

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

Execution of these strategies depends upon the ability of the fund manager to identify and execute based on such opportunities. These involve significant uncertainties and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
**Option Contracts (Stock and Index)**

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

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

### Options Risk / Return Pay-off Table

<table>
<thead>
<tr>
<th>Stock / Index Options</th>
<th>Buy Call</th>
<th>Sell Call</th>
<th>Buy Put</th>
<th>Sell Put</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 View on underlying</td>
<td>Positive</td>
<td>Negative</td>
<td>Negative</td>
<td>Positive</td>
</tr>
<tr>
<td>2 Premium Pay</td>
<td>Receive</td>
<td>Pay</td>
<td>Pay</td>
<td>Receive</td>
</tr>
<tr>
<td>3 Risk Potential</td>
<td>Limited to premium paid</td>
<td>Unlimited</td>
<td>Limited to premium paid</td>
<td>Unlimited</td>
</tr>
<tr>
<td>4 Return Potential</td>
<td>Unlimited</td>
<td>Premium Received</td>
<td>Unlimited</td>
<td>Premium Received</td>
</tr>
</tbody>
</table>

Option contracts are of two types - Call and Put.

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

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

**Index Options / Stock Options**

Index options / Stock options are termed to be an efficient way of buying / selling an index/stock compared to buying / selling a portfolio of physical shares representing an index for ease of execution and settlement. The participation can be done by buying / selling either Index futures or by buying a call/put option.

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

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

**Call Option**

Suppose an investor buys a Call option on 1 lot of CNX Nifty (Lot Size: 50 units)

- Nifty index (European option).
• Nifty 1 Lot Size: 50 units
• Spot Price (S): 3500
• Strike Price (x): 3550 (Out-of-Money Call Option)
• Premium: 100

Total Amount paid by the investor as premium [50*100] =5000
There are two possibilities i.e. either the index moves up over the strike price or remains below the strike price.

Case 1 - The index goes up
• An investor sells the Nifty Option described above before expiry:
  Suppose the Nifty index moves up to 3600 in the spot market and the premium has moved to Rs 200 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty call option as the option now is In the Money.

  His gains are as follows:
  • Nifty Spot: 3600
  • Current Premium: Rs.200
  • Premium paid: Rs.100
  • Net Gain: Rs.200- Rs.100 = Rs.100 per unit
  • Total gain on 1 lot of Nifty (50 units) = Rs.5000 (50*100)

In this case the premium of Rs.200 has an intrinsic value of Rs.50 per unit and the remaining Rs.150 is the time value of the option.

• An investor exercises the Nifty Option at expiry
  Suppose the Nifty index moves up to 3700 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty call option as the option now is In the Money.
  His gains are as follows:
  • Nifty Spot: 3700
  • Premium paid: Rs.100
  • Exercise Price: 3550
  • Receivable on exercise: 3700-3550 = 150
  • Total Gain: Rs.2500 {(150-100)*50}

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

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

Put Option
Suppose an investor buys a Put option on 1 lot of CNX Nifty.
• Nifty 1 Lot Size: 50 units
• Spot Price (S): 3500
• Strike Price (x): 3450 (Out-of-Money Put Option)
• Premium: 30

Total Amount paid by the investor as premium [50*30] =1500
There are two possibilities i.e. either the index moves over the strike price or moves below the strike price.
Let us analyze these scenarios.

**Case 1 - The index goes down**

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

  In this case the premium of Rs.80 has an intrinsic value of Rs.50 per unit and the remaining Rs.30 is the time value of the option.

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

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

**Case 2 - If the Nifty index stays over the strike price which is 3450, in the spot market then the investor does not gain anything but on the other hand his loss is limited to the premium paid.**

- Nifty Spot: >3450
- Net Loss Rs.1500 (Loss is caped to the extent of Premium Paid) (Rs 30 Premium paid*Lot Size: 50 units).

**Investment in Fixed Income Derivative Instruments:**

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

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

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

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

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

**Using Overnight Indexed Swaps**

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

**Swap**

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

Assuming the swap is for Rs. 20 Crores for June 1, 2009 to December 1, 2009. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).
On June 1, 2009 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA) norms.

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

On December 1, 2009 they will calculate the following:

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

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

**Forward Rate Agreement**

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

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

**Interest Rate Futures**

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

**12th October 2009**

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

25th November 2009
- As expected by the fund manager the yield of the benchmark ten year paper has increased to 8% and the price has decreased to 92.70.
- The December 2009 futures contract is trading at a price of INR 93.17 indicating a yield of 8.05%
- The mutual fund unwinds the short position by buying the December 2009 futures contract. The transaction results in profit from the futures position, against the corresponding loss from the Government of India security position.

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

Portfolio Turnover:
The Scheme being an open-ended Scheme, it is expected that there would be a number of Subscriptions and Redemptions on a daily basis. Further, in the debt market, trading opportunities may arise due to changes in system liquidity, interest rate policy announced by RBI, shifts in the yield curve, credit rating changes or any other factors. In the opinion of the fund manager these opportunities can be played out to enhance the total return of the portfolio, which will result in increase in portfolio turnover.

There may be an increase in transaction cost such as brokerage paid, if trading is done frequently. However, the cost would be negligible as compared to the total expenses of the Scheme. Frequent trading may increase the profits which will offset the increase in costs. The fund manager will endeavour to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost associated with it. However, it is difficult to estimate with reasonable measure of accuracy, the likely turnover in the portfolio of the Scheme. The Scheme has no specific target relating to portfolio turnover.

Investment in overseas financial assets
RBI vide its letter no. EC.CO.OID.MF/ 19.19.463/2001-2002 dated May 31, 2002 has given approval to mutual funds to invest in such securities subject to the conditions stated therein. SEBI through its Circular dated September 26, 2007 & such other circulars as issued by SEBI from time to time has permitted Mutual Funds to invest in Foreign Securities including foreign debt securities within the overall limit of US$ 7 billion, subject to a maximum of US$ 300 million per Mutual Fund. Further, the Mutual Funds can also invest in Exchange Traded Funds within an overall limit of US$ 1 billion, subject to a maximum of US$ 50 million per Mutual Fund.

It is the Investment Manager’s belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the Investment Manager provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme would invest only partially in overseas securities, there may not be readily available and widely accepted benchmarks to measure the performance of the Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use Derivatives for efficient portfolio management and hedging as maybe permitted from time to time and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
Offshore investments will be made subject to any/all approvals/conditions thereof as may be stipulated by SEBI/RBI/other Regulatory Agency. The Fund may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

Under normal circumstances, the Scheme may invest maximum 50% of its net assets in Foreign Securities. However, the AMC with a view to protecting the interests of Investors may alter the exposure in Foreign Securities as deemed fit from time to time.

For applicable regulatory investment limits please refer paragraph "Investment Restrictions.

Debt and Money Markets in India

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

The Government Securities (G-Secs) market, with market capitalization of Rs2,648,675 cr as at April 2014 (State Govt securities – Rs 10,75,221 cr, Source: NSE), is the oldest and the largest component (52% share in market cap) of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Secs market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc.

The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. The market capitalization of corporate debt market as on April 2014 is Rs. 10,35,897 Cr (Source: NSE). A large part of the issuance in the non-Government debt market is currently on private placement basis.

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

- Overnight Call
- Collateralised Borrowing & Lending Obligations (CBLO)
- Repo/Reverse Repo Agreement
- Treasury Bills
- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

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

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

The following table gives approximate yields prevailing on June 4, 2014 on some of the instruments and further illustrates this point.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Current Yield range (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBLO</td>
<td>7.90-8.00</td>
</tr>
<tr>
<td>Repo</td>
<td>7.95-8.05</td>
</tr>
<tr>
<td>3m Tbill</td>
<td>8.46-8.52</td>
</tr>
<tr>
<td>1Y Tbill</td>
<td>8.53-8.58</td>
</tr>
<tr>
<td>10Y gsec</td>
<td>8.57-8.62</td>
</tr>
<tr>
<td>3m PSU Bank CD</td>
<td>8.50-8.55</td>
</tr>
<tr>
<td>3m Manufacturing co. CP</td>
<td>8.60-8.65</td>
</tr>
<tr>
<td>1Y PSU Bank CD</td>
<td>8.95-9.00</td>
</tr>
<tr>
<td>1Y NBFC CP</td>
<td>9.45-9.50</td>
</tr>
<tr>
<td>1Y Manufacturing co. CP</td>
<td>9.40-9.45</td>
</tr>
<tr>
<td>5Y AAA Institutional Bond</td>
<td>9.10-9.15</td>
</tr>
<tr>
<td>10Y AAA Institutional Bond</td>
<td>9.05-9.10</td>
</tr>
</tbody>
</table>

Source: Bloomberg

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.
Risk Control:
Risk management is going to be an integral part of the investment process. Effective risk management is critical to fund management for achieving financial soundness. Investments by the Scheme shall be made as per the investment objectives of the Scheme and provisions of the Regulations.

The scheme aims to manage the risk using a quantitative asset allocation methodology to decide the allocation between equity and fixed income securities.

The investment team of the AMC will carry out rigorous in depth credit evaluation of the money market and debt instruments (other than GSecs) proposed to be invested in. The credit evaluation will essentially be a bottom up approach and include a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term / long term financial health of the issuer.

With respect to the equity component, the Scheme would invest in a diversified portfolio of equity and equity related securities which would help alleviate the sector/market capitalization related concentration risk.

The AMC has experienced investment professionals to help limit investment universe to carefully selected high quality businesses.

The AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process, which would be periodically evaluated. The scheme will also use derivatives and other hedging instruments, as may be permitted by SEBI and RBI, from time to time, in order to protect the value of the portfolio. The fund manager would also consider hedging the portfolios in case of predictable events with uncertain outcomes.

The risk control process involves identifying & measuring the risk through various Risk Measurement Tools.

The AMC has implemented the Bloomberg Portfolio Order Management System as Front Office System (FOS). The system has incorporated all the investment restrictions as per SEBI guidelines and “soft” warning alerts at appropriate levels for preemptive monitoring. The system enables identifying & measuring the risk through various risk measurement tools like various risk ratios, average duration and analyzes the same so as to act in a preventive manner.

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

F: FUNDAMENTAL ATTRIBUTES

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

(i) Type of a scheme
(ii) Investment Objective
(iii) Terms of Issue

- Liquidity provisions such as listing, Repurchase, Redemption.
- Aggregate fees and expenses charged to the scheme.
- Any safety net or guarantee provided.

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

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any Exit Load.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

CRISIL MIP Blended Fund Index

Justification for use of benchmark

The CRISIL MIP Blended Index is a hybrid index that comprises of fixed income and equities, with a majority weighting in fixed income assets. It is an index composed of 85% fixed income instruments and 15% in the S&P CNX Nifty. As such its asset allocation comes closest to the Scheme’s asset allocation and is the most appropriate benchmark available for the scheme in the Indian markets.

The Trustee/AMC reserves the right to change the benchmark for the evaluation of the performance of the Scheme from time to time, keeping in mind the investment objective of the Scheme and the appropriateness of the benchmark, subject to SEBI guidelines and other prevalent guidelines.

H. WHO MANAGES THE SCHEME?

The Scheme will be managed by Mr. Kedar Karnik (for the debt component of the portfolio), Mr. Jinesh Gopani (for the equity component of the portfolio)

<table>
<thead>
<tr>
<th>Mr. Kedar Karnik</th>
<th>33, MMS (Finance), BE (Electronics &amp; Telecom.)</th>
<th>Assistant Fund Manager – Fixed Income, Axis Asset Management Company Limited (September 24, 2012 till date)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Assistant Fund Manager – Fixed Income, HSBC Asset Management (India)</td>
</tr>
<tr>
<td>Mr. Jinesh Gopani</td>
<td>Pvt. Ltd. (July 2008 till September 2012)</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Manager – Financial Sector ratings, CRISIL Ltd. (September 2005 till July 2008)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fund Manager - Equity - Axis Asset Management Co. Ltd. (April 1, 2011 till date)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Assistant Fund Manager - Equity, Axis Asset Management Co. Ltd. (October 21, 2009 till March 31, 2011)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Portfolio Manager, Birla Sun Life Asset Management Company Ltd. (June 2008- October 2009)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Research Analyst and Portfolio Manager, Voyager India Capital Pvt. Ltd. (February 2006- May 2008)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Research Analyst, Emkay Share &amp; Stock Brokers Ltd. (June 2002 - February 2006)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Research Analyst, Net worth Stock Broking Ltd,(May 2001 – May 2002)</td>
<td></td>
</tr>
</tbody>
</table>

Presently, the Trustee/AMC has not designated a dedicated Fund Manager for investment in Foreign Securities. However, it shall be ensured that there is a dedicated fund manager for investment in foreign securities as and when the fund makes investment in foreign securities.

### I. WHAT ARE THE INVESTMENT RESTRICTIONS?

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

1. The Scheme shall not invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company.
2. The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments.
3. The Mutual Fund under all its Scheme(s) shall not own more than ten per cent of any company’s paid up capital carrying voting rights.

4. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activities under the SEBI Act, 1992. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Trustee and the Board of AMC.

Such limit shall not be applicable for investment in Government Securities and money market instruments.

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

Investments within such limit can be made in the mortgaged backed securitised debt, which are rated not below investment grade by a credit rating agency, registered with SEBI.

5. The Scheme shall not invest more than 10% of its NAV in un-rated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Trustee and Board of AMC.

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

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

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

9. Transfer of investments from one scheme to another scheme in the same Mutual Fund is permitted provided:
   a. such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
   b. the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

10. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:
    Provided that the Mutual Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.
Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

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

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

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

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

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

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

v. Position limit for each scheme of a Mutual Fund
The scheme-wise position limit / disclosure requirements shall be:
   i. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Mutual Fund shall not exceed the higher of 1% of the free float market capitalization (in terms of number of shares)
or
5% of the open interest in the derivative contract on a particular underlying stock (in terms of number of contracts).

ii. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

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

13 Pending deployment of the funds of the Scheme in securities in terms of the investment objective of the Scheme, the AMC may park the Funds of the Scheme in short-term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007 as may be amended from time to time:

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

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

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

iii. Parking of funds in short-term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short-term deposits.

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

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

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

14 The Scheme shall not advance any loans.

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

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

16 Further, SEBI vide its circular no. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010 has prescribed the following investment restrictions w.r.t. investment in derivatives:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure.</td>
</tr>
<tr>
<td>2</td>
<td>The Scheme shall not write options or purchase instruments with</td>
</tr>
</tbody>
</table>
3 The total exposure related to option premium paid shall not exceed 20% of the net assets of the scheme.

4 Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
   a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
   b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
   c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
   d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

5 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.

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

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

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

17. The total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 30% of the net assets of the Scheme.

Provided that an additional exposure to financial services sector (over and above the limit of 30%) not exceeding 10% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only;
Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total investment/exposure in HFCs shall not exceed 30% of the net assets of the scheme.

18. The Scheme shall participate in repos in corporate debt securities as per the guidelines issued by SEBI and/ or RBI from time to time and the guidelines framed by the Board of Directors of Trustee Company and the Asset Management Company, from time to time. At present the following conditions and norms shall apply to repo in corporate debt securities:

(i) The gross exposure of the Scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the Scheme.

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

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

(iv) Counterparty selection & credit rating

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

(v) Collateral tenor & quality

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

(vi) Applicable haircuts

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

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

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

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

<table>
<thead>
<tr>
<th>Bond Tenor (yrs)</th>
<th>1</th>
<th>3</th>
<th>5</th>
<th>10</th>
</tr>
</thead>
</table>

- 53 -
<table>
<thead>
<tr>
<th>Price Volatility (annualized)</th>
<th>0.6</th>
<th>1.2</th>
<th>1.7</th>
<th>3.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repo Tenor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 day</td>
<td>258</td>
<td>136</td>
<td>94</td>
<td>48</td>
</tr>
<tr>
<td>7 days</td>
<td>98</td>
<td>52</td>
<td>36</td>
<td>18</td>
</tr>
</tbody>
</table>

In the above table, the price volatility of a 10-year bond is about 3.4% annualized. That is a 10% price move represents nearly a 3-sigma event on an annualized basis. For overnight tenors, this represents a 48-sigma event (for comparison a 6-sigma event occurs about once in a million observations).

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

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

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

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

**J. HOW HAS THE SCHEME PERFORMED?**

Performance of the Scheme as at May 31, 2014 is as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Axis Income Saver</th>
<th>CRISIL MIP Blended Fund Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>10.26%</td>
<td>5.43%</td>
</tr>
<tr>
<td>3 Year</td>
<td>8.49%</td>
<td>8.38%</td>
</tr>
<tr>
<td>Since Inception</td>
<td>7.58%</td>
<td>7.43%</td>
</tr>
<tr>
<td>Period</td>
<td>Axis Income Saver – Direct Plan</td>
<td>CRISIL MIP Blended Fund Index</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>1 Year</td>
<td>11.76%</td>
<td>5.43%</td>
</tr>
<tr>
<td>Since Inception</td>
<td>10.22%</td>
<td>7.71%</td>
</tr>
</tbody>
</table>

Past performance may or may not be sustained in future. Returns are absolute for period less than 1 year & compounded annualized for period more than or equal to 1 year. Since inception returns are calculated on Rs. 10 invested at inception. Calculations are based on Growth Option NAVs.

### III. UNITS AND OFFER

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

#### A. NEW FUND OFFER (NFO)

<table>
<thead>
<tr>
<th>New Fund Offer Period</th>
<th>The New Fund Offer opened on May 24, 2010 and closed on June 21, 2010. The units under the Scheme were allotted on July 16, 2010.</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Fund Offer Price:</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Minimum Amount for Application in the NFO</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Minimum Target amount</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Maximum Amount to be raised (if Not Applicable</td>
<td></td>
</tr>
</tbody>
</table>

- 55 -
This is the maximum amount which can be collected during the NFO period, as decided by the AMC.

### Plans / Options offered

The Scheme offers following plans:

- Axis Income Saver
- Axis Income Saver – Direct Plan

Each plan offers following options:

- Growth option
- Dividend option

<table>
<thead>
<tr>
<th>Options</th>
<th>Sub-options</th>
<th>Record date*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Nil</td>
<td>NA</td>
</tr>
<tr>
<td>Dividend</td>
<td>Quarterly(payout and reinvestment)</td>
<td>25(^{th}) of March, June, September, and December</td>
</tr>
<tr>
<td></td>
<td>Half yearly(payout and reinvestment)</td>
<td>25(^{th}) of March and September</td>
</tr>
<tr>
<td></td>
<td>Annual Dividend Option(Payout and reinvestment)</td>
<td>25(^{th}) of March</td>
</tr>
</tbody>
</table>

* If the record date falls on a non-business day, record date shall be the next business day. The Trustee/AMC reserves the right to change the record date from time to time.

If Dividend payable under Dividend Payout option is equal to or less than Rs. 500/- then the Dividend would be compulsorily reinvested in the option of the Scheme.

The Investors should indicate option for which Subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form. In case of valid application received without any choice of option/facility, the following default option/facility will be considered:

**Default Plan**

Investors subscribing under Direct Plan of a Scheme will
have to indicate “Direct Plan” against the Scheme name in the application form e.g. “Axis Income Saver – Direct Plan”. Investors should also indicate “Direct” in the ARN column of the application form. However, in case Distributor code is mentioned in the application form, but “Direct Plan” is indicated against the Scheme name, the application will be processed under Direct Plan. Further, where application is received for Existing Plan without Distributor code or “Direct” mentioned in the ARN Column, the application will be processed under Direct Plan.

<table>
<thead>
<tr>
<th>Default option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default Option – Growth</td>
</tr>
<tr>
<td>Default Sub-Option – Quarterly Dividend Option</td>
</tr>
<tr>
<td>Default between Payout &amp; Reinvestment Option - Reinvestment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends will not be declared under this option. The income attributable to Units under this option will continue to remain invested in the Scheme and will be reflected in the NAV of Units under this option.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividend option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under this option, Dividends will be declared (subject to deduction of tax at source, if any) at specified frequency at the discretion of the Trustee, subject to availability of distributable surplus calculated in accordance with SEBI (MF) Regulations. On payment of Dividend, the NAV of the Units under Dividend option will fall to the extent of the Dividend payout and applicable statutory levies, if any.</td>
</tr>
</tbody>
</table>

It must be distinctly understood that the actual declaration of Dividend and frequency thereof is at the sole discretion of the Trustee. There is no assurance or guarantee to the Unit holders as to the rate of Dividend distribution nor that will the Dividend be paid regularly. The Trustee reserves the right to declare a Dividend at any other frequency in addition to the frequency mentioned above.

<table>
<thead>
<tr>
<th>Dividend Payout Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under this facility, Dividend declared, if any, will be paid (subject to deduction of Dividend distribution tax and statutory levy, if any) to those Unit holder, whose names appear in the register of Unit holders on the notified record date.</td>
</tr>
</tbody>
</table>
### Dividend Reinvestment Facility

Under this facility, the Dividend due and payable to the Unit holders will be compulsorily and without any further act by the Unit holder, reinvested in the respective Dividend option at a price based on the prevailing ex-Dividend Net Asset Value per Unit. The amount of Dividend re-invested will be net of tax deducted at source, wherever applicable. The Dividends so reinvested shall constitute a constructive payment of Dividends to the Unit holders and a constructive receipt of the same amount from each Unit holder for reinvestment in Units.

On reinvestment of Dividends, the number of Units to the credit of Unit holder will increase to the extent of the Dividend reinvested divided by the Applicable NAV. There shall, however, be no Load on the Dividend so reinvested.

### Dividend Policy

Under the Dividend option, the Trustee will Endeavour to declare the Dividend as per the specified frequency, subject to availability of distributable surplus calculated in accordance with the Regulations. The actual declaration of Dividend and frequency will inter-alia, depend on availability of distributable surplus calculated in accordance with SEBI (MF) Regulations and the decisions of the Trustee shall be final in this regard. There is no assurance or guarantee to the Unit holder as to the rate of Dividend nor that will the Dividend be paid regularly.

The AMC/Trustee reserves the right to change the frequency of declaration of Dividend or may provide for additional frequency for declaration of Dividend.

### Dividend Distribution Procedure

In accordance with SEBI Circular no. SEBI/ IMD/ Cir No. 1/ 64057/06 dated April 4, 2006, the procedure for Dividend distribution would be as under:

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

2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the Dividend including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.
3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of Investors whose names appear on the register of Unit holder for receiving Dividends. The Record Date will be 5 calendar days from the date of issue of notice.

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

5. The NAV will be adjusted to the extent of Dividend distribution and statutory levy, if any, at the close of Business Hours on record date.

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

<table>
<thead>
<tr>
<th>Allotment</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

**Who can invest**

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.

<table>
<thead>
<tr>
<th>Allotment</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

The following persons (subject to, wherever relevant, purchase of unit of Mutual Funds, being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for Subscription to the Unit of the Scheme:

1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;
2. Hindu Undivided Family (HUF) through Karta;
3. Minor through parent / legal guardian;
4. Partnership Firms;
5. Limited Liability Partnerships
6. Proprietorship in the name of the sole proprietor;
7. Companies, Bodies Corporate, Public Sector Undertakings (PSUs.), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Unit is permitted under the respective constitutions;
8. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
9. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as “Public Securities” as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;
10. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis
| Who cannot invest | 1. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA Act) except where registered with SEBI as a FII or sub account of FII or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority. |
| | 3. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time. |
| | 4. U.S. Persons (including NRIs and all persons residing in U.S, U.S Corporations or other entities organised under the laws of U.S) and Residents of Canada. |
| | If an existing Unit Holder(s) subsequently becomes a U.S. Person or Resident of Canada, then such Unit Holder(s) will not be able to purchase any additional Units in any of the Schemes of Axis Mutual Fund. |
| | All existing registered Systematic Investment Plans, Systematic Transfer Plans and Dividend Transfer Plans along with related mandates would cease from the |
In case Axis Asset Management Company Ltd /Axis Mutual Fund subsequently identifies, that the subscription amount has been received from U.S. Person(s) or Resident(s) of Canada, then Axis Asset Management Co. Ltd./Axis Mutual Fund at its discretion shall redeem all the units held by such person from the Scheme at applicable Net Asset Value.

Axis Mutual Fund Trustee Limited/ Axis Asset Management Company Ltd. reserve the right to change/ modify the above provisions at a later date.

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

| Where can you submit the filled up applications. | Not Applicable |
| How to Apply | Please refer to the SAI and Application form for the instructions. |
| Listing | Axis Income Saver is an open ended income Scheme under which Sale and Repurchase will be made on a continuous basis and therefore listing on stock exchanges is not envisaged. However, the Trustee reserves the right to list the units as and when open-end Schemes are permitted to be listed under the Regulations, and the Trustee considers it necessary in the interest of Unit holders of the Fund. |
| Special Products / facilities available during the NFO | Not Applicable |
| The policy regarding reissue of Repurchased Unit, including the maximum extent, the manner of reissue, the entity (the Scheme or the AMC) involved in the same. | Units once redeemed will be extinguished and will not be reissued. |
| Restrictions, if any, on the right to freely retain or dispose of units being offered. | Pledge of Units
The Units under the Scheme (subject to completion of Lockin Period, if any) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body. The AMC and / or the ISC will note and record such Pledged Units. The AMC shall mark a lien only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledger will not be able to redeem Units that are pledged until the entity to which the Units are pledged...
provides written authorisation to the Mutual Fund that the pledge / lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units. Dividends declared on Units under lien will be paid / re-invested to the credit of the Unit Holder and not the lien holder unless specified otherwise in the lien letter.

Lien on Units

On an ongoing basis, when existing and new Investors make Subscriptions, a lien on unit allotted will be created and such unit shall not be available for redemption until the payment proceeds are realised by the Scheme. In case a unit holder redeems unit soon after making purchases, the redemption cheque will not be dispatched until sufficient time has elapsed to provide reasonable assurance that cheques or drafts for unit purchased have been cleared.

In case the cheque / draft is dishonoured by the bank, the transaction shall be reversed and the unit allotted earlier shall be cancelled, and a fresh Account Statement / Confirmation slip shall be dispatched to the Unit holder. For NRIs, the Scheme may mark a lien on unit in case documents which need to be submitted are not given in addition to the application form and before the submission of the redemption request. However, the AMC reserves the right to change operational guidelines for lien on unit from time to time.

Right to Limit Redemptions

The Trustee may, in the general interest of the Unit holders of the Scheme and when considered appropriate to do so based on unforeseen circumstances / unusual market conditions, limit the total number of Unit which may be redeemed on any Business Day to 5% of the total number of Unit then in issue under the Scheme and option(s) thereof or such other percentage as the Trustee may determine. Any Unit which consequently are not redeemed on a particular Business Day will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing Load, if any) of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, redemptions will be made on a prorate basis based on the size of each Redemption request, the balance amount being carried forward for Redemption.
to the next Business Day. In addition, the Trustee reserves the right, in its sole discretion, to limit redemptions with respect to any single account to an amount of Rs. 1,00,000/- in a single day.

Also refer to the paragraph ‘Suspension of Purchase and Redemption of Units’ in the Statement of Additional Information.

<table>
<thead>
<tr>
<th>Third Party Payment Avoidance and additional documents / declaration required</th>
<th>Please refer SAI for details.</th>
</tr>
</thead>
</table>
| Cash Investments in mutual funds | In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, SEBI has permitted receipt of cash transactions for fresh purchases/ additional purchases to the extent of Rs.50,000/- per investor, per mutual fund, per financial year shall be allowed subject to:

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

ii. sufficient systems and procedures in place.

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

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

**B. ONGOING OFFER DETAILS**

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>The Scheme has reopened for continuous subscription and redemption from July 21, 2010.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Offer Period</td>
<td>This is the date from which the Scheme will reopen for Subscriptions/redemptions after the closure of the NFO period.</td>
</tr>
<tr>
<td>Ongoing price for Subscription (purchase)/Switch-in (from other Schemes/Plans of the Mutual Fund) by investors</td>
<td>At the applicable NAV</td>
</tr>
<tr>
<td>Ongoing price for Subscription (purchase)/Switch-in (from other Schemes/Plans of the Mutual Fund) by investors</td>
<td>This is the price you need to pay for</td>
</tr>
</tbody>
</table>
Ongoing price for Redemption (Sale) /Switch outs (to other Schemes/Plans of the Mutual Fund) by investors.

This is the price you will receive for redemptions/switch outs.

For redemption/switch out, the holder will receive the price which is subject to the prevailing Exit Load.

Redemption Price = Applicable NAV*(1-Exit Load, if any)

Example: If the Applicable NAV is Rs. 10, Exit Load is 2% then redemption price will be:

= Rs. 10* (1-0.02)
= Rs. 9.80

Investors/Unit holders should note that the AMC/Trustee has right to modify existing Load structure and to introduce Loads subject to a maximum limits prescribed under the SEBI Regulations.

Any change in Load structure will be effective on prospective basis and will not affect the existing Unit holder in any manner.

However, the Mutual Fund will ensure that the Redemption Price will not be lower than 93% of the Applicable NAV provided that the difference between the Redemption Price and the Subscription /Purchase Price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time, which is currently 7% calculated on the Subscription/ Purchase Price. The Purchase Price shall be at applicable NAV.

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.

Subscriptions/Purchases including Switch - ins:

The following cut-off timings shall be observed by the Mutual Fund in respect of purchase of units of the Scheme with amount less than Rs. 2 lakhs, and the following NAVs shall be applied for such purchase:

1. where the application is received upto 3.00 pm with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the day of receipt of application;

2. where the application is received after 3.00 pm with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the next Business Day ; and

3. where the application is received with an outstation cheque or demand draft which is not payable on par at the place where it is received – closing NAV of day
on which the cheque or demand draft is credited.

4. In respect of purchase of units with amount equal to or more than Rs. 2 lakhs, irrespective of the time of receipt of application, the closing NAV of the day on which the funds are available for utilization shall be applicable.

For allotment of units in respect of purchase in the scheme under pt (4) above, it shall be ensured that:

i. Application is received before the applicable cut-off time

ii. Funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the scheme before the cutoff time.

iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the scheme.

For allotment of units in respect of switch-in to the scheme under Pt (4) above from other schemes, it shall be ensured that:

i. Application for switch-in is received before the applicable cut-off time.

ii. Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the scheme before the cut-off time.

iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the scheme.

Redemptions including Switch - outs:
The following cut-off timings shall be observed by the Mutual Fund in respect of Repurchase of units:

a. where the application received upto 3.00 pm – closing NAV of the day of receipt of application; and

b. an application received after 3.00 pm – closing NAV of the next Business Day.

The above mentioned cut off timing shall be applicable to transactions through the online trading platform.

The Date of Acceptance will be reckoned as per the date & time; the transaction is entered in stock exchange’s infrastructure for which a system
Where can the applications for purchase/redemption Switches be submitted?
Refer Back Cover Page

Minimum amount for purchase/Redemption/Switches

<table>
<thead>
<tr>
<th>Minimum amount for purchase/Switch in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 5,000 and in multiples of Re 1/- thereafter</td>
</tr>
</tbody>
</table>

Minimum Additional Purchase Amount

| Rs. 100 and in multiples of Re. 1/- thereafter |

Minimum Redemption Amount/Switch Out

| Minimum Redemption - Rs 1000 or 100 units or account balance whichever is lower in respect of each Option. In case the Investor specifies the number of units and amount, the number of Units shall be considered for Redemption. In case the unit holder does not specify the number or amount, the request will not be processed. |
| In case of Units held in dematerialized mode, the Unit Holder can give a request for Redemption only in number of Units. Request for subscriptions can be given only in amount. Depository participants of registered Depositories to process only redemption request of units held in demat form. |
| Where Units under a Scheme are held under both Plans and the redemption/Switch request pertains to the Direct Plan, the same must clearly be mentioned on the request (along with the folio number), failing which the request would be processed from Axis Income Saver. However, where Units under the requested Option are held only under one Plan, the request would be processed under such Plan. |

Minimum balance to be maintained and consequences of non maintenance.

| Currently, there is no minimum balance requirement. However, the AMC/Trustee may decide to introduce minimum balance requirements later, if they so deem fit. In such case, in the event of non-maintenance of minimum balance for any particular situations, the Unit may be compulsorily redeemed. |
| In case balance in the account of the Unit holder does not cover the amount of Redemption request, then the Mutual Fund is authorized to redeem all the Units in the folio and send the Redemption proceeds to the Unit holder. |
Special Products available

Systematic Investment Plan (SIP)

Unit holder can enroll for the SIP facility by submitting duly completed Enrolment Form at the Official Point(s) of Acceptance. An Investor shall have the option of choosing any date of the Month as his SIP date other than 29th, 30th or 31st of a month. Minimum amount per SIP installment is Rs 1,000 and in multiples of Re. 1 thereafter. Minimum number of installments under SIP is 30. If the SIP period is not specified by the unit holder then the SIP enrolment will be deemed to be for perpetuity and processed accordingly.

SIP through post-dated cheques

The date of the first cheque shall be the same as the date of the application while the remaining cheques shall be post dated cheques which shall be dated uniformly. Investors can invest in SIP by providing post-dated cheques to Official Point(s) of Acceptance. An Investor is eligible to issue only one cheque for each month in the same SIP enrolment form. All SIP cheques should be of the same amount and same date option. Cheques should be drawn in favour of the Fund and “A/c Payee only”. A Letter will be forwarded to the Investor on successful registration of SIP. The Post Dated cheques will be presented on the dates mentioned on the cheque and subject to realization of the cheque.

SIP through Electronic Clearing System (ECS)/Direct Debit

Investors / Unit holders may also enroll for SIP facility through Electronic Clearing Service (Debit Clearing) of the RBI or for SIP Direct Debit Facility available with specified Banks / Branches. In order to enroll for SIP ECS Debit facility or Direct Debit Facility, an Investor must fill-up the Application Form for SIP ECS/ Direct Debit facility.

In case of SIP with payment mode as ECS/Direct Debit, Investors shall be required to submit a cancelled cheque or a photocopy of a cheque of the bank account for which the ECS/debit mandate is provided.

All SIP cheques/payment instructions should be of the same amount and same date(excluding first cheque). However, there should be a gap of 30 days between first SIP Installment and the second installment in case of SIP started during ongoing offer.

Units will be allotted at the Applicable NAV of the respective dates on which the investments are sought to be made. In case the date falls on a Holiday or falls during
a Book Closure period, the immediate next Business Day will be considered for this purpose

Investors will have the right to discontinue the SIP facility at any time by sending a written request to any of the Official Point(s) of Acceptance. Notice of such discontinuance should be received at least 20 days prior to the due date of the next debit. On receipt of such request, the SIP facility will be terminated. It is clarified that if the Fund fails to get the proceeds from three Installments out of a continuous series of Installments submitted at the time of initiating a SIP (Subject to a minimum under SIP i.e. 30 months), the SIP is deemed as discontinued.

An extension of an existing SIP will be treated as a new SIP on the date of such application, and all the above conditions need to be met with. The Load structure prevailing at the time of submission of the SIP application (whether fresh or extension) will apply for all the Installments indicated in such application.

The AMC has the authority to make available SIP by way of a salary savings scheme for a group of employees through an arrangement with their employers.

For applicable Load on Purchases through SIP, please refer paragraph 'Load Structure' given in the document.

The AMC reserves the right to change / modify Load structure and other terms and conditions under the SIP prospectively at a future date. Please refer to the SIP Enrolment Form for terms & conditions before enrolment.

Purchase/Redemption of units through Stock Exchange Infrastructure

Investors can subscribe to the Units of Axis Mutual Fund through the mutual fund trading platforms of the Bombay Stock Exchange (“BSE”) and National Stock Exchange (“NSE”) – with NSDL and CDSL as depositaries for such units of the mutual fund.

NSE has introduced Mutual Fund Service System (MFSS) Platform and BSE has introduced BSE StAR MF Platform.

The following are the salient features of the new facility introduced:

1. The facility i.e. purchase/redemption/SIP (Systematic Investment Plan) is available for both existing and new investors. Switch Facility is not available.
2. The Investors will be eligible to purchase/redeem units of the scheme.

3. **Maximum subscription:**

   The investors can purchase units of the above listed schemes by using NSE MFSS/ BSE STAR platform for transaction value less than Rs. 1 Crore.

4. **List of additional Official Point of Acceptance**

   The following shall be the additional Official Point of Acceptance of Transactions for the scheme:

   All trading members of BSE & NSE who are registered with AMFI as Mutual Fund Advisors and also registered with BSE & NSE as Participants ("AMFI registered stock exchange brokers") will be eligible to offer this facility to investors and shall be treated as official point of acceptance.

   Units of mutual fund schemes shall be permitted to be transacted through clearing members of the registered Stock Exchanges.

   Clearing members and Depository participants will be considered as Official Points of Acceptance (OPA) of Axis Mutual Fund and conditions stipulated in SEBI Circular No. SEBI /IMD / CIR No.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI /NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund, shall be applicable for such Clearing members and Depository participants as well.

5. The units of the scheme are not listed on BSE & NSE and the same cannot be traded on the Stock Exchange. The window for purchase/redemption of units on BSE STAR & NSE MFSS will be available between 9 a.m. and 3 p.m. or such other timings as may be decided.

6. Investors shall hold the units in dematerialized form only.

7. Investors will be able to purchase/redeem units of the scheme in the following manner:

   (i) Investors shall receive redemption amount (if units are redeemed) and units (if units are purchased) through broker/ clearing member’s pool account. Axis Asset Management Company Limited (the "AMC")/Axis Mutual Fund (the "Mutual Fund") shall
pay proceeds to the broker/clearing member (in case of redemption) and broker/clearing member in turn to the respective investor and similarly units shall be credited by the AMC/ Mutual Fund into broker/clearing member's pool account (in case of purchase) and broker/clearing member in turn shall credit the units to the respective investor's demat account.

(ii) Payment of redemption proceeds to the broker/clearing members by AMC/Mutual Fund shall discharge AMC/Mutual Fund of its obligation of payment to individual investor. Similarly, in case of purchase of units, crediting units into broker/clearing member pool account shall discharge AMC/Mutual Fund of its obligation to allot units to individual investor.

8. Applications for purchase/redemption of units which are incomplete /invalid are liable to be rejected.

9. For all the transactions done through these platforms, separate Folio. No. shall be allotted to the existing and the new investors. The bank a/c number, address, nomination details etc. shall be the same as per the Demat account of the investor. In case of non-financial requests/applications such as change of address, change of bank details, etc. investors should approach the respective Depository Participant(s).

10. Investors will have to comply with Know Your Customer (KYC) norms as prescribed by BSE/NSE/CDSL/ NSDL and Axis Mutual Fund to participate in this facility.

11. Investors should get in touch with Investor Service Centres (ISCs) of Axis Mutual Fund for further details.

Systematic Transfer Plan
Investors can opt for the Systematic Transfer Plan by investing a lumpsum amount in Axis Income Saver and providing a standing instruction to transfer sums at regular intervals [Weekly option (every Wednesday), Fortnightly (every alternative Wednesday), Monthly(on specified dates i.e. 1st, 7th, 10th, 15th, 25th of every month)] into any other scheme(unless restricted by the Scheme Information Document of the respective schemes) of Axis Mutual Fund. Investors could also opt for STP from an existing account by quoting their account / folio number. The investors would have to opt for a minimum of 6 transfers of Rs. 1000 in any of the frequencies.
A minimum period of 7 days shall be required for registration under STP.

Units will be allotted/redeemed at the applicable NAV of the respective dates of the Scheme on which such investments/withdrawals are sought from the Scheme.

The AMC reserves the right to introduce STPs at any other frequencies or on any other dates as the AMC may feel appropriate from time to time. In the event that such a day is a Holiday, the transfer would be affected on the next Business Day.

The STP may be terminated on a written notice of 7 days by a Unit holder of the Scheme and it will terminate automatically if all Units are liquidated or withdrawn from the account or upon the Funds’ receipt of notification of death or incapacity of the Unit holder.

Further, in case of a last STP, where the balance amount is less than the STP amount, the entire amount will be transferred to the transferee scheme.

**Systematic Withdrawal Plan (SWP)**

Existing Unitholders have the benefit of availing the choice of SWP on pre-specified dates. The SWP allows the Unitholder to withdraw a specified sum of money each month/quarter from his investments in the Scheme.

The amount thus withdrawn by redemption will be converted into Units at Applicable NAV based prices and the number of Units so arrived at will be subtracted from the Units balance to the credit of that Unitholder.

Unitholders may start the facility/change the amount of withdrawals or the period of withdrawals by giving a 15 days written intimation/notice. The SWP may be terminated by a Unitholder by giving 15 days written intimation/notice and it will terminate automatically if all the Units are liquidated or withdrawn from the account or the holdings fall below the SWP installment amount.

There are two options available under SWP viz-Monthly option and quarterly option, the details of which are given below:

<table>
<thead>
<tr>
<th>Monthly Option</th>
<th>Quarterly Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum value of SWP</td>
<td>Rs. 1,000</td>
</tr>
<tr>
<td>Additional amount in</td>
<td>Re. 1</td>
</tr>
</tbody>
</table>
multiples of

<table>
<thead>
<tr>
<th>Dates of SWP Installment</th>
<th>1/5/10/15/25*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum No of SWP</td>
<td>Six</td>
</tr>
<tr>
<td></td>
<td>Four</td>
</tr>
</tbody>
</table>

* In the event that such a day is a holiday, the withdrawals would be affected on the next business day.

Contingent Deferred Sales Charge (CDSC)/Exit Load, if any, is applicable to SWP.

The AMC reserves the right to accept SWP applications of different amounts, dates and frequency.

Unitholders can enroll themselves for the facility by submitting the duly completed Systematic Withdrawal enrolment Form at any of the Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs). The AMC / Trustee reserve the right to change / modify the terms and conditions under the SWP prospectively at a future date.

**Dividend Sweep Option (DSO)**

The terms and conditions of Dividend Sweep Option (DSO) are as follows:

1) Dividend Sweep Option (DSO) is a facility wherein unit holder(s) of eligible scheme(s) [hereinafter referred to as "SourceScheme(s)""] of Axis Mutual Fund can opt to automatically invest the dividend (as reduced by the amount of applicable statutory levy) declared by the eligible Source Scheme(s) into other eligible Scheme(s) [hereinafter referred to as "Target Scheme(s)"] of Axis Mutual Fund.

2) The following is the list of eligible Source Schemes and Target Schemes of Axis Mutual Fund for DSO facility:

<table>
<thead>
<tr>
<th>Source Scheme</th>
<th>Target Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis Liquid Fund</td>
<td>Axis Liquid Fund</td>
</tr>
<tr>
<td>Axis Treasury Advantage Fund</td>
<td>Axis Treasury Advantage Fund</td>
</tr>
<tr>
<td>Axis Short Term Fund</td>
<td>Axis Short Term Fund</td>
</tr>
<tr>
<td>Axis Banking Debt Fund</td>
<td>Axis Banking Debt Fund</td>
</tr>
<tr>
<td>Axis Equity Fund</td>
<td>Axis Equity Fund</td>
</tr>
<tr>
<td>Axis Long Term Equity Fund</td>
<td>Axis Long Term Equity Fund</td>
</tr>
<tr>
<td>Axis Midcap Fund</td>
<td>Axis Midcap Fund</td>
</tr>
<tr>
<td>Axis Focused 25 Fund</td>
<td>Axis Focused 25 Fund</td>
</tr>
<tr>
<td>Axis Triple Advantage Fund</td>
<td>Axis Triple Advantage Fund</td>
</tr>
<tr>
<td>Axis Income Saver</td>
<td>Axis Income Saver</td>
</tr>
<tr>
<td>Axis Gold Fund</td>
<td>Axis Gold Fund</td>
</tr>
<tr>
<td>Axis Dynamic Bond Fund</td>
<td>Axis Dynamic Bond Fund</td>
</tr>
</tbody>
</table>
3) DSO facility is available to unit holder(s) only under the Dividend Plan / Option of the Source Scheme(s). However, the DSO facility will not be available to unit holder(s) under the Daily Dividend Option in the Source Scheme(s). Unit holder’s enrolment under the DSO facility will automatically override any previous instructions for ‘Dividend Payout’ or ‘Dividend Reinvestment’ facility in the Source Scheme.

4) The enrolment for DSO facility should be for all units under the respective Dividend Plan / Option of the Source Scheme. Instructions for part Dividend Transfer and part Dividend Payout / Reinvestment will not be accepted. The dividend amount will be invested in the Target Scheme under the same folio. Accordingly, the unit holder(s) details and mode of holding in the Target Scheme will be same as in the Source Scheme.

5) The enrolment to avail of DSO facility has to be specified for each Scheme/Plan/Option separately and not at the folio level.

6) Under DSO, dividend declared (as reduced by the amount of applicable statutory levy and deductions) in the Source scheme (subject to minimum of ₹1,000/-) will be automatically invested into the Target Scheme, as opted by the unit holder, on the immediate next Business Day after the Record Date at the applicable NAV of the Target Scheme, subject to applicable load as specified under paragraph 9 below and accordingly equivalent units will be allotted in the Target Scheme, subject to the terms and conditions of the respective Target Scheme.

7) The provision for ‘Minimum Application Amount’ specified in the respective Target Scheme’s Scheme Information Document (SID) will not be applicable under DSO. e.g. the minimum application amount for new investors in Axis Equity Fund - Growth Plan is 5,000/-. However in case of DSO, a Unit Holder can avail of the facility irrespective of the amount of dividend (subject to a minimum of 1,000/-).

8) The Minimum amount of dividend eligible for transfer under Dividend Sweep Option is 1,000/- (Rupees One Thousand Only). In case the dividend sweep is being less than eligible amount, then the dividend will be re-invested in source scheme/payout as per the existing option.

9) Load Structure:
The dividend amount to be invested under the DSO from the Source Scheme to the Target Scheme shall be invested by subscribing to the units of the Target Scheme at applicable NAV, subject to payment of Entry/Exit Load as under:

**Entry Load (Target Scheme)**
Direct Applications & Applications routed through any distributor/agent/broker: Nil

**Exit Load (Source Scheme): Nil**

**Exit Load (Target Scheme): As per the relevant SID(s)**

The Trustee/AMC reserves the right to change the load structure under the DSO Facility at any time in future on a prospective basis.

10) The Account Statement will be issued by mail or by email (if opted by the unitholder) to the unitholder once in every month giving details of all the transactions during that period. In case of specific request received from unitholders, the Mutual Fund shall endeavour to provide the account statement to the unitholders after every transaction of Dividend Transfer.

11) Unitholders who wish to enroll for DSO facility are required to fill DSO Enrolment Form available with the ISCs, distributors/agents and also displayed on the website www.axismf.com. The DSO Enrolment Form should be completed in English in Block Letters only. Please tick () in the appropriate box, where boxes have been provided. The DSO Enrolment Form complete in all aspects should be submitted at any of the Investor Services centre (ISCs) of Axis Mutual Fund.

12) The request for enrolment for DSO must be submitted at least 10 days prior to the Record Date for the dividend. In case of the condition not being met, the enrolment would be considered valid from the immediately succeeding Record Date of the dividend, provided the difference between the date of receipt of a valid application for enrolment under DSO and the next Record Date for dividend is not less than 10 days.

13) Unitholder(s) are advised to read the SID(s) of Target Scheme(s) carefully before investing. The SID(s) / Key Information Memorandum(s) of the respective Scheme(s) are available with the ISCs of Axis Mutual Fund, brokers / distributors and also displayed on the Axis Mutual Fund website i.e. – www.axismf.com

14) Unit holders will have the right to discontinue the DSO facility at any time by sending a written request to the ISC. Notice of such discontinuance should be received at least 10 days prior to the Dividend Record Date. On
receipt of such request, the DSO facility will be terminated. At the time of discontinuation of DSO facility, the Unit holders should indicate their choice of option i.e., dividend reinvestment or dividend payout. In the event the Unitholder does not indicate his choice of dividend option, the dividend, if any, will be reinvested (compulsory payout if dividend reinvestment option is not available) in the Source Scheme. Once the request for DSO is registered, then it shall remain in force unless it is terminated as aforesaid.

15) The Trustee/AMC reserves the right to change/modify the terms and conditions of the DSO.

The Trustee reserves the right to change/modify the terms and conditions of the DSO at a later date on a prospective basis.

**Trigger facility:**

Trigger is an event on the happening of which, the Fund will automatically redeem / switch the units, as the case may be, on behalf of the investor, on the date of happening of the event. Accordingly, a trigger will activate a transaction when the event selected for has reached the trigger point. All redemptions/switches etc. linked to triggers will always be at the applicable NAV based prices of the day on which the event occurs. The investors opting for the Trigger facility will also have right to redeem/switch their holdings before happening of the trigger event. Please note that the trigger is an additional facility provided to the unit holders to save time on completing the redemption/switch formalities on happening of a particular predetermined event. Trigger is not an assurance on part of AMC / Fund to the investor that he / she will receive a particular amount of money / appreciation and / or a percentage on redemption or will get a particular amount of capital appreciation or will minimise the loss to investor to a particular amount or percentage.

2. Schemes for which the facility is available:

<table>
<thead>
<tr>
<th>Transferor Scheme(s)</th>
<th>Transferee Scheme(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis Liquid Fund</td>
<td>Axis Liquid Fund</td>
</tr>
<tr>
<td>Axis Treasury Advantage Fund</td>
<td>Axis Treasury Advantage Fund</td>
</tr>
<tr>
<td>Axis Short Term Fund</td>
<td>Axis Short Term Fund</td>
</tr>
<tr>
<td>Axis Banking Debt Fund</td>
<td>Axis Banking Debt Fund</td>
</tr>
<tr>
<td>Axis Equity Fund</td>
<td>Axis Equity Fund</td>
</tr>
<tr>
<td>Axis Midcap Fund</td>
<td>Axis Midcap Fund</td>
</tr>
<tr>
<td>Axis Focused 25 Fund</td>
<td>Axis Focused 25 Fund</td>
</tr>
</tbody>
</table>
3. Under the Trigger facility, investors will have the following options on the date of happening of the event:
   a) Full Redemption / Switch Out
   b) Redemption / Switch Out to the extent of capital appreciation only
   c) Redemption / Switch Out to the extent of Principal amount only

   The trigger facility is available only for the options specified above and is not available for any adhoc amount that the investor may specify.

4. The investors can select any one of the following trigger option(s) under various plans / options of the scheme(s):

   i. Option to redeem / switch out in the event, Nifty Index reaches or exceeds a specified level, at the end of any business day.

      Under this option, the investor can specify that if the index (NIFTY) reaches or exceeds a particular level at the close of any business day, then the amount specified by the investor will be either redeemed / switched to the selected transferee scheme.

   ii. Option to redeem / switch out in the event Nifty Index reaches or goes below a specified level, at the end of any business day.

      Under this facility, the investor can specify that if the index (NIFTY) reaches a particular level or goes below that at the close of any business day, then the amount specified shall either be redeemed / switched to the selected transferee scheme.

   iii. Option to redeem / switch out in the event NAV reaches or exceeds a specified level.

      Under this facility, the investor can specify the Net Asset Value (NAV) on reaching / exceeding which the amount specified will be redeemed / switched to the selected transferee scheme.

@ Investors who have completed the lock-in period of 3 years may apply for trigger facility under the Axis Long Term Equity Fund.
iv. Option to redeem / switch out in the event NAV appreciates by a specified percentage.
Under this facility, the investor can choose a specific percentage, by which, if the scheme(s) NAV appreciates, then the amount specified will be redeemed / switched to the selected transferee scheme.

v. Option to redeem / switch out in the event NAV appreciates or depreciates by a specified percentage.
Under this facility, the investor can choose a specific percentage, by which, if the scheme(s) NAV appreciates or depreciates, then the amount specified will be redeemed / switched to the selected transferee scheme.

vi. Option to redeem / switch out in the event NAV depreciates by a specified percentage
Under this facility, the investor can choose a specific percentage, by which, if the scheme(s) NAV depreciates, then the amount specified will be redeemed / switched to the selected transferee scheme.

Notes:
A. For point no. iii above - The NAV level (in INR terms) specified by the Unit holder must be in multiples of 5 paisa e.g. INR 10.50, INR 10.55, INR 10.60 etc.
B. For points no. iv, v and vi above - The NAV percentage level specified by the Unit holder must be in multiples of 1 %.

Terms & Conditions:
1. On the trigger date (the day of event occurrence), the applicable amount will be redeemed / switched from the transferor scheme at the closing NAV of the day i.e. the trigger date.
2. Switches can be made only where so permitted by the respective Scheme Information Document(s) of the Transferor/ Transferee schemes.
3. Once a trigger is activated and a transaction is processed, the same will not be reversed and it will be final and binding upon the Unit holder.
4. Trigger once activated would expire and would not be executed again.
5. Trigger facility shall be applicable subject to payment of exit load in the transferor scheme(s), if any.
6. The specified trigger will fail, if the investor(s) do not maintain sufficient balance in the scheme at the time of registration of trigger and on the trigger date.
7. Trigger will not get executed in case units are pledged or where lien is marked on units, at the time of receipt of request for trigger.
8. Day closing Nifty Index level would be considered in
9. In case of partial or full switch/redemption, any trigger already registered for a particular transaction will be deactivated.

10. "Minimum Application Amount/ Minimum Additional Investment Amount" specified in the Scheme Information Document(s) of the transferee schemes will not be applicable for Switches based on specified triggers limits being achieved.

11. NAV for switch/redemption: NAV of the trigger day will be considered for the purpose of Redemption/switch. In case of non-business day in debt schemes but business day in case of equity schemes, switch-out from equity schemes will be processed on the trigger day and switch-in to Debt/Liquid schemes will be processed on the next business day.

12. For trigger options V and VI i.e., cases where the trigger gets activated if NAV appreciates or depreciates by a specified percentage and cases where the trigger gets activated if NAV depreciates by a specified percentage, by default, all units will be processed for switch/redemption.

13. In case, if no plan/option is specified for switch transaction under trigger option, default plan/option, as specified in respective Scheme Information Document(s) will be considered.

14. In case where the investor fails to specify the whether the redemption/switch to be made is full or to the extent of capital appreciation or to the extent of Principal amount only, by default, all units will be processed for switch/redemption.

15. All requests for registering or deactivating the trigger facility shall be subject to an advance notice of 10 (Ten) working days. Investors can deactivate the trigger facility by sending a written request to the Investor Service Centers.

Switching Options

(a) Inter - Scheme Switching option

Unit holders under the Scheme have the option to Switch part or all of their Unit holdings in the Scheme to any other Scheme offered by the Mutual Fund from time to time. The Mutual Fund also provides the Investors the flexibility to Switch their investments from any other scheme(s) / plan(s) offered by the Mutual Fund to this Scheme. This option will be useful to Unit holders who wish to alter the allocation of their investment among the scheme(s) / plan(s) of the Mutual Fund in order to meet their changed investment needs.

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

(b) Intra-Scheme Switching option
Unit holders under the Scheme have the option to Switch their Unit holding from one plan/option to another plan/option (i.e. Axis Income saver to Axis Income Saver – Direct Plan and Growth to Dividend and vice-a-versa). The Switches would be done at the Applicable NAV based prices and the difference between the NAVs of the two options will be reflected in the number of Unit allotted.

Switching shall be subject to the applicable “Cut off time and Applicable NAV” stated elsewhere in the Scheme Information Document. In case of “Switch” transactions from one scheme to another, the allocation shall be in line with Redemption payouts.

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

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

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

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

**Easy Call Facility**

All individual investors in the scheme applying on “Sole” or “Anyone or Survivor” basis in their own capacity shall be eligible to avail of Easy Call facilities for permitted transactions inter alia on the following terms and conditions: “Terms and Conditions” mean the terms and conditions set out below by which the Facility shall be used/availed by the Investor/s and shall include all modifications and supplements made by AMC thereto from time to time.

Axis Mutual Fund will allow transactions including by way of Lumpsum Purchase/ Redemption / Switch of Units over phone. Initial Investment has to be through the physical mode wherein he has to sign a one time debit mandate for bank accounts pertaining to designated banks with which the AMC may have an arrangement. This facility is extended to the bank with which the Fund would have an arrangement from time to time. Investment amount may be restricted by the AMC from time to time in line with prudent risk management requirements and to protect the overall interest of the Investors. Investor will be allowed transactions over phone after 30 days from the date of submission of one time mandate. Investor will not be permitted to avail the Easy call facility for Redemptions/ Switch transactions if bank mandate is changed within last 15 days. AMC will have right to modify the procedure of transaction processing without any prior intimation to the Investor.

The AMC has a right to ask such information (Key Information) from the available data of the Investor/s before allowing him access to avail the Facility. If for any reason, the AMC is not satisfied with the replies of the Investor/s, the AMC has at its sole discretion the right of refusing access without assigning any reasons to the
Investor/s.

It is clarified that the Facility is only with a view to accommodate /facilitate the Investor/s and offered at the sole discretion of the AMC. The AMC is not bound and/or obliged in any way to give access to Facility to Investor/s.

The Investor/s shall check his/her account records carefully and promptly. If the Investor/s believes that there has been a mistake in any transaction using the Facility, or that unauthorized transaction has been effected, the Investor/s shall notify the AMC immediately. If the Investor/s defaults in intimating the discrepancies in the statement within a period of fifteen days of receipt of the statements, he waives all his rights to raise the same in favour of the AMC, unless the discrepancy /error is apparent on the face of it. By opting for the facility the Investor/s hereby irrevocably authorizes and instructs the AMC to act as his /her agent and to do all such acts as AMC may find necessary to provide the Facility.

The Investor/s shall at all times be bound by any modifications and/or variations made to these Terms and Conditions by the AMC at their sole discretion and without notice to them.

The Investor/s agrees and confirms that the AMC has the right to ask the Investor/s for an oral or written confirmation of any transaction request using the Facility and/or any additional information regarding the Account of the Investor/s.

The Investor/s agrees and confirms that the AMC may at its sole discretion suspend the Facility in whole or in part at any time without prior notice.

The Investor/s shall not assign any right or interest or delegate any obligation arising herein.

The Investor/s shall take responsibility for all the transactions conducted by using the Facility and will abide by the record of transactions generated by the AMC. Further, the Investor/s confirms that such records generated by the AMC shall be conclusive proof and binding for all purposes and may be used as evidence in any proceedings and unconditionally waives all objections in this behalf.

The Investor/s agrees that use of the Facility will be deemed acceptance of the Terms and Conditions and the Investor/s will unequivocally be bound by these Terms.
and Conditions. The Investor agrees that all calls received shall be eligible for same day NAV subject to necessary formalities to be complied by the AMC in case of transaction through Easy Call Facility on or before the uniform cut off time.

Requests like change in bank mandate, change of nomination, change in mode of holding, change of address or such other requests as the AMC may decide from time to time will not be permitted using the Easy Call facility.

INDEMNITIES IN FAVOUR OF THE AMC: The Investor/s shall not hold the AMC liable for the following:

1) For any transaction using the Facilities carried out in good faith by the AMC on instructions of the Investor/s.
2) For the unauthorized usage/unauthorized transactions conducted by using the Facility.
3) For any loss or damage incurred or suffered by the Investor/s due to any error, defect, failure or interruption in the provision of the Facility arising from or caused by any reason whatsoever.
4) For any negligence / mistake or misconduct by the Investor/s.
5) For any breach or non-compliance by the Investor/s of the rules/terms and conditions stated in this Document.
6) For accepting instructions given by any one of the Investor/s in case of joint account/s having mode of operations as “Either or Survivor” or “anyone or survivor”.
7) For not verifying the identity of the person giving the telephone instructions in the Investor/s name.
8) For not carrying out any such instructions where the AMC has reason to believe (which decision of the AMC the Investor/s shall not question or dispute) that the instructions given are not genuine or are otherwise improper, unclear, vague or raise a doubt.
9) For carrying out a transaction after such reasonable verification as the AMC may deem fit regarding the identity of the Investor/s
10) In case of error in NAV communication.
11) For accepting instructions given by any one of the Investor/s or his / her authorized person.

MISCELLANEOUS:

1) The Investor/s agrees and understands that while this Facility is being introduced without any
charges being levied; in case charges are to be levied on a future date he agrees to pay such charges and nonpayment in such an event can lead to termination of these services.

2) Any dispute arising out of or in connection with these Terms and Conditions, will be referred to the arbitration of a sole arbitrator to be appointed by the AMC, in accordance with the Arbitration & Conciliation Act, 1996.

3) These Terms and Conditions are subject to applicable SEBI (Mutual Funds) Regulations, 1996 as amended from time to time and includes Guidelines, Circular press release or Notification that may be issued.

Easy SMS facility

This facility is available for individual investors (registration process to be completed by the investor to avail this facility). For details of the registration process, please contact our Investor Service Centres/website of the AMC.

All individual investors applying on “Sole” or “Anyone or Survivor” basis in their own capacity shall be eligible to avail the facility for permitted transactions i.e. for lump sum purchase, redemption and switch transactions on the below mentioned terms and conditions: “Terms and Conditions” mean the terms and conditions set out below by which the Facility shall be used/availed by the Investors and shall include all modifications and supplements made by AMC thereto from time to time.

Initial Investment has to be through the physical mode wherein the investor has to sign a one time debit mandate for bank accounts pertaining to designated banks with which the AMC may have an arrangement. This facility is extended to the bank with which the Fund would have an arrangement from time to time. Transaction amount may be restricted by the AMC from time to time in line with prudent risk management requirements and to protect the overall interest of the Investors. Investor will be allowed transactions over SMS after 30 days from the date of submission of one time mandate. Investor will not be permitted to avail the facility for Redemptions/Switch transactions if bank mandate is changed within last 15 days. AMC will have right to modify the procedure of transaction processing without any prior intimation to the Investor.

The AMC has a right to ask such information (Key...
Information) from the available data of the Investors before allowing him access to avail the Facility. If for any reason, the AMC is not satisfied with the replies of the Investors, the AMC has at its sole discretion the right of refusing access without assigning any reasons to the Investors.

This facility can be availed only through the registered mobile number of the Investor.

It is clarified that the Facility is only with a view to accommodate /facilitate the Investors and offered at the sole discretion of the AMC. The AMC is not bound and/or obliged in any way to give access to Facility to Investors. The Investors shall check his/her account records carefully and promptly. If the Investors believe that there has been a mistake in any transaction using the Facility, or that unauthorized transaction has been effected, the Investors shall notify the AMC immediately. If the Investors defaults in intimating the discrepancies in the statement within a period of fifteen days of receipt of the statements, he waives all his rights to raise the same in favour of the AMC, unless the discrepancy /error is apparent on the face of it. By opting for the facility the Investors hereby irrevocably authorizes and instructs the AMC to act as his /her agent and to do all such acts as AMC may find necessary to provide the Facility.

The Investors shall at all times be bound by any modifications and/or variations made to these Terms and Conditions by the AMC at their sole discretion and without notice to them.

The Investor agrees and confirms that the AMC has the right to ask the Investor for an oral or written confirmation of any transaction request using the Facility and/or any additional information regarding the Account of the Investor. The Investor agrees and confirms that the AMC may at its sole discretion suspend the Facility in whole or in part at any time without prior notice. The Investor shall not assign any right or interest or delegate any obligation arising herein. The Investor shall take responsibility for all the transactions conducted by using the Facility and will abide by the record of transactions generated by the AMC. Further, the Investor confirms that such records generated by the AMC shall be conclusive proof and binding for all purposes and may be used as evidence in any proceedings and unconditionally waives all objections in this behalf.

The Investor agrees that use of the Facility will be deemed acceptance of the Terms and Conditions and the Investor
will unequivocally be bound by these Terms and Conditions. The Investor agrees that all transactions received shall be eligible for same day NAV subject to necessary formalities to be complied by the AMC in case of transaction through the facility on or before the uniform cut off time.

Requests like change in bank mandate, change of nomination, change in mode of holding, change of address or such other requests as the AMC may decide from time to time will not be permitted using the facility.

Investors should SMS HELP PURCHASE/REDEMPTION/SWITCH to 9212010033 in order to avail the facility post registration. The procedure for availing the facility will be communicated to the investor. Alternatively, the investor can also get in touch with the Investor Service Centres of the AMC.

Karvy, Registrar & Transfer Agents to Axis Mutual Fund having its office at Unit: Axis Mutual Fund Karvy Plaza, No. 8-2-596 Street No. 1, Banjara Hills Hyderabad - 500 034 will be the official point of acceptance for such transactions received for Axis Mutual Fund schemes.

INDEMNITIES IN FAVOUR OF THE AMC: The Investor/s shall not hold the AMC liable for the following:

1) For any transaction using the Facilities carried out in good faith by the AMC on instructions of the Investor/s.
2) For the unauthorized usage/unauthorized transactions conducted by using the Facility.
3) For any loss or damage incurred or suffered by the Investor/s due to any error, defect, failure or interruption in the provision of the Facility arising from or caused by any reason whatsoever.
4) For any negligence / mistake or misconduct by the Investor/s.
5) For any breach or non-compliance by the Investor/s of the rules/terms and conditions stated herein.
6) For accepting instructions given by any one of the Investor/s in case of joint account/s having mode of operations as "Either or Survivor" or "anyone or survivor".
7) For not verifying the identity of the person giving the SMS instructions (provided it is through the mobile number registered with the AMC).
8) For not carrying out any such instructions where the AMC has reason to believe (which decision of the AMC the Investor/s shall not question or dispute)
that the instructions given are not genuine or are otherwise improper, unclear, vague or raise a doubt.

9) For carrying out a transaction after such reasonable verification as the AMC may deem fit regarding the identity of the Investor/s

10) In case of error in NAV communication.

11) For accepting instructions given by any one of the Investor/s or his / her authorized person.

**Application via electronic mode:**

Subject to the Investor fulfilling certain terms and conditions stipulated by the AMC as under, Axis Asset Management Company Limited, Axis Mutual Fund or any other agent or representative of the AMC, Mutual Fund, the Registrar & Transfer Agents may accept transactions through any electronic mode including fax/web/ electronic transactions as permitted by SEBI or other regulatory authorities:

a) The acceptance of the fax/web/electronic transactions will be solely at the risk of the transmitter of the fax/web/ electronic transactions and the Recipient shall not in any way be liable or responsible for any loss, damage caused to the transmitter directly or indirectly, as a result of the transmitter sending or purporting to send such transactions.

b) The recipient will also not be liable in the case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the Recipient.

c) The transmitter’s request to the Recipient to act on any fax/web/electronic transmission is for the transmitter’s convenience and the Recipient is not obliged or bound to act on the same.

d) The transmitter acknowledges that fax/web/electronic transactions is not a secure means of giving instructions/ transactions requests and that the transmitter is aware of the risks involved including those arising out of such transmission.

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

f) The transmitter agrees that security procedures adopted by the recipient may include signature verification, telephone call backs which may be recorded by tape recording device and the transmitter consents to such recording and agrees to cooperate with the recipient to enable confirmation of such fax/web/electronic transaction requests.

g) The transmitter accepts that the fax/web/electronic transactions, where applicable shall not be considered until time stamped as a valid transaction request in the Scheme in line with the Regulations.

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

The AMC reserves the right to discontinue the facility (ies) at any point of time.

Distributors offer goal based financial planning (facility) to their clients. In order to encourage Investors to plan for their investments based on life goals (e.g. child’s education, retirement, wealth creation, etc), the Asset Management Company would assist in providing such facilities.

Since such facilities are aimed at helping Investors achieving their financial goals, certain features offered by Axis Mutual Fund may not be offered/available under such goal based investment folios. Under a folio, no
additional purchase, switch and part redemption would be allowed. Requests for changes in goals/goal details will not be accepted. Under normal circumstances, there is no restriction on the right of the investor to transact directly with the mutual fund.

Multiple goals based investments can be applied for under one application form and a single cheque in the name of ‘Axis Mutual Fund First Investor name’ or ‘Axis Mutual Fund Permanent Account Number’ would have to be provided by the Investor. Transaction charge would be charged at application form level.

In case of SIP investments, where the entire installment amount is not available, the SIP for that month would be rejected. Allocation to a particular scheme or pro-rata allocation to schemes will not be carried out. Post dated cheques will not be accepted.

In case there is a broker code change/the investor is desirous of being a direct investor with the mutual fund, the investment will cease to be a part of the facility. Investors may note that investments under such facilities would be based on advice from the distributor /Financial advisor and the Asset Management Company acts purely in capacity as a facilitator for such transactions. The distributor(s) may choose to modify/change or discontinue the above stated facility. In such a case the investors may continue their investment with the AMC/any other distributor.

For further details/clarifications investors may contact the distributor(s) or the ISCs of the AMC.

Note:

(a) In case of Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) etc. registered prior to January 1, 2013 without any distributor code under the Axis Income Saver (Existing Plan), installments falling on or after January 1, 2013 will automatically be processed under the Direct Plan. Thus, requirement of minimum of 30 installments shall be considered from the date of initial investment in the scheme.

(b) Investors who had registered for Systematic Investment Plan facility prior to January 1, 2013 with distributor code and wish to invest their future installments into the Direct Plan, shall make a written request to the Fund in this behalf. The Fund will take at least 15 days to process such requests. Intervening
installments will continue in the Axis Income Saver (Existing Plan).

In case of (a) and (b) above, the terms and conditions of the existing registered enrolment shall continue to apply.

In case of Systematic Transfer Facilities (registered with Distributor Code) were registered under the Axis Income Saver (Existing Plan) prior to January 1, 2013 the future installments shall continue under the Existing Plan.

In case such investors wish to invest under the Direct Plan through these facilities, they would have to cancel their existing enrolments and register afresh for such facilities.

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

**Half Yearly Account Statement:**

• The Mutual Funds shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Unit.
prior to the date of generation of the account statement,

- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.

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

**Consolidated Account Statement**

Consolidated account statement for each calendar month shall be issued, on or before tenth day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors in whose folios transaction has taken place during that month. The AMC shall ensure that a consolidated account statement every half yearly (September/ March) is issued, on or before tenth day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period.

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

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

**Option to hold units in dematerialised (demat) form**

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

Investors desirous of having the Units of the Scheme in dematerialized form should contact the ISCs of the AMC/Registrar.

Where units are held by investor in dematerialized form, the demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of statements of account.

In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms.

Units held in Demat form are freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the Depository Participant in requisite form as may be required from time to time and transfer will be affected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.

Further, demat option shall also be available for SIP transactions. Units will be allotted based on the applicable NAV as per Scheme Information Document and will be credited to investors Demat Account on weekly basis on realization of funds.

For details, Investors may contact any of the Investor Service Centres of the AMC.

Dividend

The Dividend warrants/cheque/demand draft shall be dispatched to the Unit holders within 30 days of the date of declaration of the Dividend.

If the payment is not made within the period stipulated in
the Regulations, the Unit Holder shall be paid interest @15% p.a. or as specified by SEBI for the delayed period and the interest shall be borne by the AMC.

The Dividend proceeds will be paid by way of ECS / EFT / NEFT / RTGS / Direct credits/ any other electronic manner if sufficient banking details are available with the Mutual Fund for the Investor.

In case of specific request for Dividend by warrants/cheques/demand drafts or unavailability of sufficient details with the Mutual Fund, the Dividend will be paid by warrant/cheques/demand drafts and payments will be made in favour of the Unit holder (registered holder of the Units or, if there are more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund (please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI).

<table>
<thead>
<tr>
<th>Redemption</th>
<th>How to Redeem</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Transaction Slip can be used by the Unit Holder to request for Redemption. The requisite details should be entered in the Transaction Slip and submitted at an ISC/Official Point of Acceptance. Transaction Slips can be obtained from any of the ISCs/Official Points of Acceptance. Investor can also place redemption through Telephone using Easy Call facility or may redeem Online through the AMC’s website subject to the terms and conditions as maybe stipulated from time to time.</td>
<td></td>
</tr>
</tbody>
</table>

**Procedure for payment of redemption.**

1. **Resident Investors**

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

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

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

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

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

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

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

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

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

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

The Trustee, at its discretion at a later date, may choose to alter or add other modes of payment.
2. Non-Resident Investors
For NRIs, Redemption proceeds will be remitted depending upon the source of investment as follows:

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

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

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

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

Effect of Redemptions
The number of Units held by the Unit Holder in his / her / its folio will stand reduced by the number of Units Redeemed. Units once redeemed will be extinguished and will not be re-issued.

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

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

AMC reserves the right to provide the facility of redeeming Units of the Scheme through an alternative mechanism including but not limited to online transactions on the Internet, as may be decided by the AMC from time to time. The alternative mechanism may also include electronic means of communication such as redeeming Units online through the AMC Website or any other website, etc. The alternative mechanisms would be applicable to only those investors who opt for the same in writing and/or subject to investor fulfilling such conditions as AMC may specify from time to time.

**Signature mismatches**
If the AMC / Registrar finds a signature mismatch, while processing the redemption/ switch out request, then the AMC/ Registrar reserves the right to process the redemption only on the basis of supporting documents confirming the identity of the investors. List of such documents would be notified by AMC from time to time on its website.

**Important Note:** All applicants for Purchase of Units /Redemption of Units must provide a bank name, bank account number, branch address, and account type in the Application Form.

| Delay in payment of Redemption / Repurchase proceeds | The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the Redemption / Repurchase proceeds are not made within 10 Business Days of the date of Redemption / Repurchase. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the Investor / Unit holders verification of identity or such other details relating to Subscription for |
C. PERIODIC DISCLOSURES

| Net Asset Value | The AMC will calculate and disclose the NAV of the Scheme on all the Business Days. The NAV of the Scheme and purchase/Redemption price shall be published at least in two daily newspapers on daily basis in accordance with the SEBI Regulations. The AMC shall update the NAVs on the website of the AMC (www.axismf.com) and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) before 9.00 p.m. on every Business Day. If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

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

| Half yearly Disclosures: Portfolio / Financial Results | The Mutual Fund shall publish a complete statement of the Scheme portfolio within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the Mutual Fund is located.

The Mutual Fund may opt to send the portfolio to all Unit holders in lieu of the advertisement (if applicable).

The Portfolio Statement will also be displayed on the website of the AMC and AMFI.

The Mutual Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website. |
| Half Yearly Results | The Mutual Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website.

The mutual fund shall publish an advertisement disclosing the hosting of such financial results on their website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated.

The unaudited financial results will also be displayed on the website of the AMC and AMFI. |
| --- | --- |
| Annual Report | The Scheme wise annual report or an abridged summary thereof shall be mailed (e-mailed, where e-mail id is provided unless otherwise required) to all Unit holders not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e. 31st March each year) and full annual report shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any. Scheme wise annual report shall also be displayed on the website of the AMC (www.axismf.com) and Association of Mutual Funds in India (www.amfiindia.com).

**Mailing of Annual Report or Abridged Summary**

‘The Scheme wise annual report or an abridged summary hereinafter shall be sent by AMC/Mutual Fund as under:' |
(i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
(ii) in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.

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

Associate Transactions

Please refer to Statement of Additional Information (SAI).

Taxation

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

<table>
<thead>
<tr>
<th>Tax on Dividend</th>
<th>Resident Investors</th>
<th>Mutual Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation Details</td>
<td>Nil</td>
<td>Dividend Distribution Tax (DDT)</td>
</tr>
<tr>
<td>Individual / HUF - 28.325%</td>
<td></td>
<td>Others - 33.99%*</td>
</tr>
</tbody>
</table>

Capital Gains:

Long Term

10%/20% Income tax rate applicable to the Unit holders as per their income slabs.

Short Term

Nil

Nil
1. Axis Mutual Fund is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from income tax in accordance with the provisions of Section 10(23D) of the Income-tax Act, 1961 (the Act).

2. On Income Distribution, if any, made by the Mutual Fund, additional income-tax is payable under section 115R of the Act, in the case of its schemes (other than equity-oriented funds and a money market mutual fund or a liquid fund). The additional income-tax on distribution of income to an individual / Hindu Undividend family (HUF) shall be payable by the Mutual fund at the rate of 23.325%* and at the rate of 33.99%* on distribution of income to any other investor.

* including applicable surcharge, education cess and secondary and higher education cess.

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

Investor services

Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, Valuation, Dividends, etc by calling the Investor line of the AMC at "1800 3000 3300" (toll-free number) or 4325 5100 (at local call rate for enquiring at AMC ISC’s) or email – customerservice@axismf.com.

The service representatives may require personal information of the Investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any Investor grievances promptly.

Any complaints should be addressed to Mr. Milind Vengurlekar who has been appointed as the Investor Relations Officer and can be contacted at:

Address :
Axis House, 1st Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025
Phone no.: 022 43254138/4123
D. COMPUTATION OF NAV

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

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

\[
\text{NAV (Rs.)} = \frac{\text{Market or Fair Current Assets} \cdot \text{Current Liabilities}}{\text{Value of Scheme’s + including Accrued - and Provisions}}
\]

\[
\text{Investments} \quad \text{Income}
\]

\[
\text{No. of Units outstanding under Scheme on the Valuation Day}
\]

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

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

IV. FEES AND EXPENSES

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

A. NEW FUND OFFER (NFO) EXPENSES

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

In accordance with the provisions of SEBI Circular no. SEBI/ IMD/CIR No. 1/64057/06 dated April 04, 2006 and SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, the NFO expenses shall be borne by the AMC/Sponsor.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents’ fee, marketing and selling costs etc. as given in the table below:
The AMC has estimated that upto 2.25% of the daily net assets of the Scheme will be charged to the Scheme as expenses. For the actual current expenses being charged, the Investor should refer to the website of the AMC.

<table>
<thead>
<tr>
<th>Expense Head</th>
<th>% of daily Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management and Advisory Fees</td>
<td>Upto 2.25%</td>
</tr>
<tr>
<td>Trustee fee</td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td></td>
</tr>
<tr>
<td>Custodian fees</td>
<td></td>
</tr>
<tr>
<td>RTA Fees</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Selling expense incl. agent commission</td>
<td></td>
</tr>
<tr>
<td>Cost related to investor communications</td>
<td></td>
</tr>
<tr>
<td>Cost of fund transfer from location to location</td>
<td></td>
</tr>
<tr>
<td>Cost of providing account statements and dividend redemption cheques and warrants</td>
<td></td>
</tr>
<tr>
<td>Costs of statutory Advertisements</td>
<td></td>
</tr>
<tr>
<td>Cost towards investor education &amp; awareness (at least 2 bps)</td>
<td></td>
</tr>
<tr>
<td>Brokerage &amp; transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.</td>
<td></td>
</tr>
<tr>
<td>Service tax on expenses other than investment and advisory fees</td>
<td></td>
</tr>
<tr>
<td>Service tax on brokerage and transaction cost</td>
<td></td>
</tr>
<tr>
<td>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (l) and (6) (a)</td>
<td>Upto 2.25%</td>
</tr>
<tr>
<td>Additional expenses under regulation 52 (6A) (c)</td>
<td>Upto 0.20%</td>
</tr>
<tr>
<td>Additional expenses for gross new inflows from specified cities</td>
<td>Upto 0.30%</td>
</tr>
</tbody>
</table>

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid/ charged under Direct Plan.

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

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

The AMC will charge the Scheme such actual expenses incurred, subject to the statutory limit prescribed in the Regulations.
The recurring expenses of the Scheme (including the Investment Management and Advisory Fees) shall be as per the limits prescribed under the SEBI (MF) Regulations. These are as follows:

On the first Rs. 100 crores of the daily net assets - 2.25%

On the next Rs. 300 crores of the daily net assets - 2.00%

On the next Rs. 300 crores of the daily net assets – 1.75%

On the balance of the assets - 1.50%

AMC fees charged by Axis AMC to the scheme will be within the Total Expense Limit as prescribed by SEBI Regulations, as amended from time to time.

The total expenses of the Scheme(s) including the investment management and advisory fee shall not exceed the limit stated in Regulation 52(6) of the SEBI (MF) Regulations.

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

**Additional expenses for gross new inflows from specified cities**

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

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

Provided further that, expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities. Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

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

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

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

Further, brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment shall not exceed 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions.
Within the Total Expense Limit chargeable to the scheme, following will be charged to the Scheme:

(a) Service Tax on other than investment and advisory fees, if any, (including on brokerage and transaction costs on execution of trades) shall be borne by the Scheme
(b) Investor education and awareness initiative fees of at least 2 basis points on daily net assets of Scheme.

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

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

C. LOAD STRUCTURE
Load is an amount which is presently paid by the investor to redeem the Units from the Scheme. This amount is used by the AMC to pay commission to the distributors and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, investors may refer to the website of the AMC (www.axismf.com) or may call at 1800 3000 3300 or you can contact your distributor.

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

<table>
<thead>
<tr>
<th>Type of Load</th>
<th>Load chargeable (as %age of NAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Load</td>
<td>NA</td>
</tr>
<tr>
<td>Exit Load</td>
<td>1% if redeemed/switched out within 12 months from the date of allotment.</td>
</tr>
</tbody>
</table>

Units issued on reinvestment of Dividends shall not be subject to any Load, if any.

No exit load will be charged for switch between Axis Income Saver (Existing Plan) and Axis Income Saver - Direct Plan where transaction is not routed through Distributor in Axis Income Saver (Existing Plan). If the transaction in Existing Plan is routed through Distributor, then applicable exit load will be charged for switch from Existing Plan to Direct Plan.

The above mentioned load structure shall be equally applicable to the special products such as SIP, STP, switches, etc. offered by the AMC. However, there shall be no load charged for switches between the dividend and growth option of the scheme.

Exit load charged to the investors will be credited back to the scheme net of service tax.

The Investor is requested to check the prevailing Load structure of the Scheme before investing.

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

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

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

At the time of changing the Load Structure:
1. An Addendum detailing the changes will be attached to Scheme Information Document(s) and Key Information Memorandum. The addendum may be circulated to all the distributors / brokers so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.
2. The addendum will be displayed on the website of the AMC and arrangements will be made to display the addendum in the form of a notice in all the Investor Service Centres and distributors / brokers office.
3. The introduction of the Exit Load/ CDSC alongwith the details may be stamped in the acknowledgement slip issued to the Investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such Load/CDSC
4. A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.
5. Any other measure which the Mutual Fund may consider necessary.

The Trustee/AMC reserves the right to change the load structure subject to the limits prescribed under the Regulations. Any change in Load structure shall be only on a prospective basis i.e. Any such changes would be chargeable only for Redemptions from prospective purchases (applying first in first out basis).

Transaction Charges
In terms of SEBI circular no. CIR/ IMD/ DF/ 13/ 2011 dated August 22, 2011, as amended from time to time, Transaction Charge per subscription of Rs.10, 000/- and above shall be charged from the investors and shall be payable to the distributors/ brokers (who have opted in for charging the transaction charge) in respect of applications routed through distributor/ broker relating to Purchases / subscription / new inflows only (lump sum and SIP), subject to the following:

- For Existing / New investors: Rs.100 / Rs.150 as applicable per subscription of Rs. 10,000/- and above
- Transaction charge for SIP shall be applicable only if the total commitment through SIP amounts to Rs.10,000/- and above. In such cases the transaction charge would be recovered in maximum 4 successful installments.
- There shall be no transaction charge on subscription below Rs.10,000/-.
- There shall be no transaction charges on direct investments.

The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.
The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the Scheme. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

Not applicable

V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

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

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

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.
   Not Applicable

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustee /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.
   a. Reserve Bank of India has levied penalty of Rs. Fifteen lacs on Axis Bank Ltd. in April 2011 for inadequacies seen in adherence to guidelines on derivatives transactions. The penalty of Rs. Fifteen lacs has been paid by Axis Bank Ltd. on May 5, 2011 to Reserve Bank of India.
   b. SEBI had imposed penalty of Rs. 2 Lakhs on Axis Bank Ltd. in March 2011 for inadequacies seen in adherence to regulations pertaining to Debenture Trustee while conducting the Inspection of books of accounts of Axis Bank Ltd. registered as Debenture Trustee. The penalty of Rs. 2 lacs has been paid by Axis Bank Ltd. on October 7, 2011 to SEBI.
c. Reserve Bank of India has levied penalty of Rs. 5.001 crore (Rs. Five crore ten thousand only) on Axis Bank Ltd. in April 2013 for inadequacies seen in adherence to guidelines/regulation pertaining to various areas of operations, including Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards /Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA,2002, from time to time and under FEMA. The penalty was imposed under section 47a (1)(c) read with section 46(4) of the Banking Regulation Act, 1949 and under sub-section (3) of section 11 of FEMA on 8 counts. Sale of gold/silver/platinum-payment in cash, bank finance for purchase of gold, transactions in relation to which PAN or GIR number need to be quoted in all Documents etc. after conducting a review of operations pursuant to sting operation carried out by an online portal. The penalty of Rs. 5.001 crore (Rs. Five crore ten thousand only) has been paid by Axis Bank Ltd. on June 6, 2013 to Reserve Bank of India.

d. National Securities Depository Limited (NSDL) observed that Axis Bank Ltd. had wrongly captured PAN in three Demat accounts. NSDL has levied penalty of Rs.50/- per wrong PAN details captured, totaling to Rs.150/- in the F.Y. 2012-13.

e. National Securities Clearing Corporation Ltd (NSCCL) has levied a penalty of Rs.40,507.81/- on Axis Bank Ltd. as clearing member for short client margin reporting in case of one of the trading members. The Penalty was paid by Axis Bank in its capacity as clearing member in February 2013.

f. Non-compliance with instructions issued by RBI on issuance and operation of Pre-Paid Instruments (PPIs). RBI has levied penalty of Rs. Five lacs in August 2013.

3. Details of all enforcement actions taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/or the AMC and/or the Board of Trustee /Trustee Company and/or any of the directors and/or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

Nil

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/or the AMC and/or the Board of Trustee /Trustee Company and/or any of the directors and/or key personnel are a party should also be disclosed separately.

Nil

5. Any deficiency in the systems and operations of the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the Scheme Information Document, or which has been notified by any other Regulatory Agency, shall be disclosed.

Nil
The Scheme under this Scheme Information Document was approved by the Trustee Company on November 20, 2009. The Trustee has ensured that the Scheme is a new product offered by Axis Mutual Fund and is not a minor modification of its existing schemes.

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

for and on behalf of
Axis Asset Management Company Limited

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

Date: June 20, 2014
AXIS AMC OFFICE ADDRESSES

Ahmedabad  Axis Asset Management Co. Ltd.1st Floor, Shop No. 101, Megha House, Opp. Kotak Bank, Mithakali Law Garden Road, Elisbridge, Ahmedabad 380006. BANGALORE Axis Asset Management Co. Ltd. Ground Floor, G-03 & G-03A, Prestige Meridian-1, No. 29, M.G. Road, Bangalore - 560 001
BHOPAL  Axis Asset Management Co FM-8 Mansarover Complex , Khasra No. 27/1/2 , NH-12 , Bhopal , MP.
BHUBANESHWAR  Axis Asset Management Co Unit no.3 (Part) Ground Floor Nandighosh Arena Plot no. 1 Bapuji Nagar Bhubaneswar Odisha .
CHANDIGARH  Axis Asset Management Co. Ltd. 2nd Floor, SCO No 2471, Sector 22C, Chandigarh - 160022.
CHENNAI  Axis Asset Management Co. Ltd. 5th Floor, Maalavika Center, 144 - 145 New No. 60, Nungambakkam High Road, Nungambakkam, Chennai - 600034.,
COIMBATORE  C/O Axis Capital Ltd, Door No. 1437, Red Rose Chambers, 2nd Floor, Trichy Road, Coimbatore - 641 018.
DEHRADUN  Axis Asset Management Co. Ltd., 59/3 First Floor, Rajpur Road, Above IDBI Bank, Dehradun - 248001.
GUWAHATI  Axis Asset Management Co. Ltd 2C 2nd Floor, "Dihang Arcade",ABC, G.S. Road Opp Dona Planet Guwahati 781005.
HUBLI  Axis Asset Management Company Ltd., C/O Axis Securities Ltd., #163/20A, Kalburgi Plaza, Above Old Axis Bank, 3rd Floor, Deshpande Nagar, Main Road, Hubli - 580029.
HYDERABAD  Axis Asset Management Company Ltd, 2nd Floor, Nerella House, Panjagutta, Hyderabad - 500 082.
INDORE  Axis Asset Management Co. ltd office no. 211 2nd Floor Megapolis Square Block A 579, M.G Road .opp Treasure Island Mall Indore 452001 M.P.
JAIPUR  Axis Asset Management Company Ltd, 305, 3rd Floor, Gomati Plaza, M. I. Road, Jaipur-302001. Rajasthan.
KANPUR  Axis Asset Management Company Ltd, 210, 2nd Floor, Kan Chambers, Civil Lines, Kanpur - 208001.

KOCHI  Axis Asset Management Company Limited,Door No.40/9336 ,2nd Floor ,Chackos Towers ,Padma Management Company Ltd. 1202/5, 3rd Floor, Cément Company Ltd. Shop No. 4, Suraj Palace, Plot No. 69, Hill Road, Maalavika Center, 144 - 145 New No. 60, Nungambakkam High Road, Nungambakkam, Chennai - 600034.,
KOCHI  Axis Asset Management Company Ltd, 210, 2nd Floor, Kan Chambers, Civil Lines, Kanpur - 208001.

KOLKATA  Axis Asset Management Company Ltd, 3 - F, 3rd Floor, Shristi Building, 12 Hochiminh Sarani, Kolkata - 700071.
LUCKNOW  Axis Asset Management Co. Ltd, Unit No 5, 6 & 7, Halwasiya's Commerce House, 2nd Floor, Habibullah Estate, 11, M.G.Marg, Hazratganj, Lucknow - 226001.
LUHDIANA  Axis Asset Management Co. Ltd. SCO - 28, First Floor, Feroz Gandhi Market, Luhdiana - 141001.
MANGALORE  C/O Axis Capital Ltd, Somayaji House, Door No. 15-7-330 / 56, 5th Floor, Bunts Hostel Road, Mangalore - 575003.
NAGPUR  Axis Asset Management Company Ltd. Shop No. 4, Suraj Palace, Plot No. 69, Hill Road, Near Ravinagar Square, Ramnagar, Nagpur - 440033.
NASIK  Axis Asset Management Company Limited Shop No. G-7,GroundFloor, Rajvee Enclave, Old Pandit Colony, Nasik - 422 001, Maharashtra.

NEW DELHI  Axis Asset Management Company Ltd. 702-705, 7th Floor, Narain Manzil, Barakhamba Road, Connaught Place, New Delhi - 110001.

PANAJI  C/O Axis Securities & Sales Ltd, 103, 1st Floor, Unitech City Centre, M.G.Road, Panaji - 403001.
PUNE  Axis Asset Management Company Ltd. 1202/5, 3rd Floor, "Shalini Skyi Building" Near ICICI Bank, Ghole Road, Pune-411 004.
PATNA  Axis Asset Management Ltd. DG-11, Durnaon Place, Frazer Road, Patna - 800 001.
RANCHI  C/O Axis Capital Ltd, Prashanti, 2nd Floor, Lalj Hirji Road, O. C. Compound Ranchi - 834001.
SILIGURI  C/O Axis Bank Limited, Spectrum House Sevoke Road Siliguri 734 001.
SURAT  Axis Asset Management Company Limited, HG-2A, International Trade Centre(TC), Majura Gate Crossing, Majura Gate, Ring Road, Surat-395002.

Trivandrum  C/O. Axis Securities Limited, Haji M Bava Sahib, Commercial Complex,TC2+5/2890(12)Ambujivasam Road, Trivandrum 695001
Vadodara  Axis Asset Management Co. Ltd. 204, 2nd Floor, Pavan Complex, Near Masonic Hall, Jetalpur Road, Akalpuri, Vadodara – 390007.

KARVY COMPUTERSSHARE PRIVATE LIMITED INVESTOR SERVICE CENTERS

Agartala, Jagannath Bari Road Bidur Kartal Chowmuhani Agartala – 799001 Agra Deepak Wasan Plaza, Behind Holiday Inn, Opp Megdoot Furnitures, Sanjay Place, Agra - 282002 (U.P)
Ahmedabad, 201,Shail Building, Opp : Madhusudhan House Nr. Navrangpura Telephone Exchange; Navrangpura Ahmedabad - 380 006
Ajmer, 1-2, 11 Floor Ajmer Tower, Kutcharay Road Ajmer - 305 001.
Akola Shop No-30, Ground Floor, Yamuna Tarang Complex, N H No 06, Murtizapur Road, Akola 444004  
Aligarh 1st Floor, Kumar Plaza, Aligarh 202001 Uttar Pradesh  
Allahabad  RSA Towers, 2nd Floor, Above Sony TV Showroom, 57, S P Marg, Civil Lines, Allahabad 211001
Alleppy 2nd Floor, JP Towers Near West of Zilla Court Bridge,
MullakkalAlleppey 688011 Alwar 101, 1st Floor, Saurabh Towers, Opp. UTI, Road No # 2 Bhagat Singh Circle Alwar-310101 Amaravathi Shop No. 21, 2nd Floor, Gulshan Tower Near Panchsheel Talkies ,Jaistambh Square, Amravati(M.H.) Pincode 444601 Ambala 6349, Nicholson Road, Adjacent Kos Hospital, AmbalaCannt, Ambala 133001 Amritsar 72-A, Taylor'S Road Aga Heritage Gandhi Ground Amritsar - 143 001 Anand 201 Sai Apartment , Behind New Bus Stand Anand Pin code 388001 • Anantapur # 15-149, 1st Floor, S R Towers, Opp. Lalithakala Parishat Subash Road, Anantapur 515001 • Ankleshwar L/2, Keval Shopping Center Old National Highway Ankleshwar 393002 • Ansan 114 / 71, G.T. Road Near Sony Centre, Bhanga Pachiti, , Ansanal - 713303 • Aurangabad Ramkunj, Railway Station Road Near Osmanpura Circle Aurangabad-431005 • Azamgarh 1st Floor Alkal Building, Opp. Nagaralipaika Civil LIne, Azamgarh-276 001 Below Central Bank of India, SadawartiChowk, Azamgarh 276001 • Balasore M S Das Street, Gopalgaon, Balasore 756001 • Bangalore 59,Skanda Puttanna Road , Basavanagudi, Bangalore- 560004 • Bankura Ambika Market, NatunganjanBankura 722101 • Bareilly 1st Floor, 165, Civil Lines, Opposite Hotel Bareilly Palace, Near RlyStation Road, Bareilly 243001 • Barhampore(WB) Thakur Market Complex, 72, Naya Sarak Road,Gorabazar, P.O. Berhampore DIST. Murshidabad Barhampore -742101 • Baroda SB-4&5, Mangaldeep Complex, Opposite Mesonic Hall. Productivity Road, Alkapuri, Vadodara - 390007. • Begusarai Hotel Diamond Surbhi Complex, Near I.O.C Township Gate, Kasapiya Chowk, Begusarai 851117 • Belgaum CTS No 3939/ A2 A1, Above Raymonds Show Room Club Road, Belgaum - 590001. • Bellary No 1 KHB Colony, Gandhinagar, Bellary 583101 • Behrampur Opp –Divya Nandan Kalyan Mandap 3rd Labe Dharam Nagar Near Lohiyya Motor, Behampur, Orissa 760001 • Betul107, Hotel Utkarsh, Awashti Complex, J H College Road, Civil Lines, Betul 460001 • Bhagalpur 2nd Floor, Chandralok Complex, Ghantagar, Radha Rani Sinha Road, Bhagalpur 812001 • Bharuch 147-148, Aditya Complex Near Kasak Circle Bharuch - 392 002 • Bhavnagar # 2047-A, 2nd Floor, Above Max New York Life Insurance The Mall Road Bhavnagar 151001 • Bhavnagar G-11, Gitanjali Complex, Beside Bhavnagar Municipal Corporation & Collector Office, Land Mark :(opp. Galaxy Cinema), Kalanala , Bhavnagar-364001. Surabhi Mall 301, 3rd Floor, Waghawadi Road, Bhavnagar 364001 • Bhilai Shop No-1,Fist Floor Plot No-1, Old Sada Office Block Commercial Complex, Near HDFC Atm, Nehru Nagar- East Post – BHILAI Pin – 490020 • Bhilwara 27-28, 1st Floor, HiraPanna Complex, Pur Road, Bhilwara 311001 • Bhopal KayKayBussnes Centre, 133 Zone, I M P Nagar, Bhopal 462021 • Bhubaneswar 2nd & 3rd Floor, Janardan House, A 181, Saheed Nagar, Bhubaneswar - 751 007, Odisha • Bikana 2nd Floor, Plot No 70 & 71, Panchshati Circle, SardulGunj Scheme, Bikana 334003 • BilaspurShop No 201/202, V RPlaza, Link Road, Bilaspur 495001 • Bokaro B-1, 1st Floor, Near Sonu Chandl Jewellers, City Centre, Sector 4, Bokaro Steel, City 827004 (Jharkhand) • Burdwan 63 G T Road, Birhata, Halder Complex, 1st Floor, Burdwan 713101 • Calicut Sowbhagya Shopping Complex, Areyadthupalam Mavoor Road, Calicut 673004 • Chandigarh Sco-371-372, First Floor, Above HDFC Bank, Sector 35B Chandigarh 160022 • Chandrapur Shop No 5, Office No 2, 1st Floor, Routs Raghuvanshi Complex, Beside Azad Garden, Main Road, Chandrapur 442402 • Chennai Flat No F11,First Floor, Akshya Plaza,(Erstwhile Harris Road), Opp Chief City Metropolitan Court, # 108, AdhithanarSalai, Egmore, Chennai 600002 • Chensura JC Ghosh Sarani Near Bus Stand Chensura 712101 • Cochin Building Nos.39 Ali Arcade ,1st floor, Near Atlantis Junction, Kizhivana Road, Panampili Nagar, Cochin-682 036 ernakulam District Coimbatore 3rd Floor 1056/1057, Jaya Enclave, Avanashi Road, Coimbatore - 641018. • Cuttack Dargha Bazar, OppDargha Bazar Police Station, Buxibazar, Cuttack 753001 • Darbhanga Jaya Complex 2nd Floor, above furniture planet, Donar chowk Darbanga-846 003 • Davangere # 15/9, Sobagu Complex, 1st Floor, 2nd Main Road, P J Extension, Davangere 577002 • Dehradun Kaulagarh Road, Near Sirmaur Marg, Above Reliance Webworld, Dehradun 248001 • Deoria 1st Floor, Shanti Niketan Opp. Zila Panchayat, Civil Lines Deoria - 274001 • Dewas 27 Rmo House, Station Road, Dewas 455001 • Dhanbad 208, New Market, 2nd Floor,Katras Road, Bank More, Dhanbad 826001 • Dharwad G7 & 8, Sri Banashankari Avenue Ramnagar, OppNttfpb Road Dharward 580001 • Dhule Ground Floor Ideal Laundry, Lane No 4 , Khol Galli, Near Muthoot Finance , Opp Bhavasar General Store, Dhule - 424001 • Dingdgul No 9, Old No 4/B, New Agraharam, Palani Road, Dingdigul 624001 • Durgapur MWAV – 16 Bengal Ambuja 2nd Floor, City Centre Durgapur 713216 • Eluru D.NO:23B-5-93/1, Savithri Complex,Edaravari Street Near Dr.Prabhavathi Hospital, R.R.Pet Eluru-534 • Erode No 4,KMY Salai, Veerappan Traders Complex, Opp Erode Bus Stand,Sathy Road, Erode 638003 • Faridabad A-2B, 1st Floor, Nehru Ground, Neelam Bata Road, Nit, Faridabad 121001 • Ferozpur2nd Floor, Malwal Road, Opp H M School, Ferozpur City 152002 • Gandhidham Office No. 203, Second Floor Bhagwati Chamber, Plot No.8 Sector - 1/A, Kutk Kala Road, Gandhidham - 370 201 • Gandhinagar Plot No. - 945/2, Sector - 7/C,
440 010 • Namakkal 105/2, Arun Towers, Paramathi Street, Namakkal 637 001 • Nanded Shop No 4, First Floor, Opp Bank of India, Sankrupa Market, Gurudwara Road, Nanded 431602 • Nasik S-12, Second Floor, Suyojit Sankul, Sharanpur Road, Nasik 422002 • Navsari 1st Floor, Chinmaya Arcade, Opp Sattapir, Tower Road, Navsari 396445 • New Delhi 305, 3rd Floor New Delhi House, Bara Khamba Road Connought Place New Delhi-110 001 • Nellore 207, II Floor, Kaizen Heights 16/2/230, Sunday Market Pogathota Nellore 524001 • Nizamabad H No: 5-6-430, First Floor, Above Bank of Baroda, Beside HDFC Bank, Ginza View, Hyderabad Road, Nizamabad-503003. • Noida 307 Jaipurura Plaza, D 68 A, 2nd Floor, Opp Delhi Public School, Sector 26, Noida 201301 • Palghat 12/310, (No.20 & 21), Metro Complex, Head Post Office Road, Sultanpet, Palghat 678001 • Panipat 1st Floor, Krishna Tower, Near HDFC Bank, Opp Railway Road, G T Road, Panipat 132103 • Panjam City Business Centre, Coelho Pereira Building, Room Nos 18,19 & 20 Dada Vaidya Road, Panjam 403001 • Patiala Sco 27 D,Chhoti Baradari Patiala 147001 • Patna 3A, 3rd Floor, Anand Tower, Beside Chanky Cinema Hall, Exhibition Road, Patna 800001 • Pathankot 1st Floor, 9A, Improvement Trust Building,Near HDFC Bank, Patel Chowk, Pathankot 145001 • Pollachi S S Complex, New Scheme Road, Pollachi 642002 • Pondicherry First Floor No.7, Thiayagaraja Street Pondicherry 605001 • Pudukkottai Sundaram Masilamani Towers, TS No 5476-5479, PM Road, Old Tirumayam Salai, Near Anna Statue, Jublie Arts, Pudukkottai 622001 • Pune Shop No. 16, 17 & 18, Ground Floor, Sreena Plaza, Dyaneshwar Paduka Chowk, F C Road, Pune 411004 • Raipur Room No 27, 3rd Floor, Millennium Plaza, Behind Indian Coffee House, G E Road, Raipur 492001 • Rajahmundry Dr No 61-4, First Floor, Rangachary Street, T Nagar, Rajahmundry 533101 • Rajapalayam Sri Ganganagar Complex 14B/5/18, T P Mills Road Rajapalayam 626117 • Rajkot 104, Siddhi Vinayak Complex, Dr Yagnik Road, Opp Ramkrishna Ashram Rajkot 360001 • Ranchi Room No. 307, 3 rd Floor, Commerce Towers, Beside Mahabir Towers Main Road Ranchi - 834 001 • Ratlam 1 Nagpal Bhavan, Freeganj Road, Tobatti, Ratlam 457001 • Renukoot Shop No 18, Near Complex Birla Market, Renukoot 231217 • Rewa 1st Floor, Angoori Building, Besides Allahabad Bank,Tran University Road, Civil Lines, Rewa 485001 • Rohtak 1st Floor, Ashoka Plaza, Delhi Road, Rohtak 124001 • Roecker Shree Ashadeep Complex, 16 Civil Lines, Near Income Tax Office, Roecker, Uttaranchal 247667 • Rourkela 1st Floor, Sandhu Complex, Kanchery Road, Udit Nagar, Rourkela 769012 • Sagar Above Poshak Garments, 5 Civil Lines, Opposite Income Tax Office, Sagar 470002 • Saharanpur 18 Mission Market, Court Road, Saharanpur 247001 Uttar Pradesh • Salem Door No: 40 Brindavan Road Near Perumal Koil,Fairlands Salem-636016 • Sambalpur Quality Massion, 1st Floor, Above Bata Shop/ Freeti Auto Combine, Naya PARA, Sambalpur 768001 • Satna 1st Floor, Gopal Complex, Near Bhusand Rewa Road Satna (M.P) -485 001 • Shaktinagar 1st/A-375, V V Colony Dist Sonebhadra Shaktinagar 231222 • Shivpuri 1st Floor, M P R P Building, Near Bank of India, Shivpuri 473551 • Shillong Mani Bhawan, Than a Road, Lower Police Bazar, Shillong 793001 • Shimla Triveni Building, By Pas Chowk, Khallini, Shimla 171002 • Shimoga Uday Ravi Complex, LLR Road, Durgi Gudi, Shimoga 577201 • Sikar 1st Floor, Super Towers Behind Ram Mandir, Station Road, Sikar 332001 • Silchar 1st Floor, Chowchakra Complex, N N Dutta Road, Premtala Silchar 788001 • Siliguri Nanak Complex, Near Church Road, Sevoke Road, Siliguri 734001 • Sitapur 12/12-A Surya Complex, Arya Nagar, Opp Mal Godam, Sitapur 261001 • Sivakasi 363, Thiruthangal Road, Opp TNEB,Sivakasi 626 123 • Solan Sahni Bhawan, Adjacent Anand Cinema Complex, The Mall Solan 173212, • Solarpur Siddeshwar SecurITIES, No 6, Vaman Road, Vijaypur Road, Vaman Nagar,Solarpur 413004 • Surat G-6 Empire State Building, Near Parag House, Udhna Darwaja, Ring Road, Surat 395002 • Sonepat 205 R Model Town, Above Central Bank of India, Sonpat • Sri Ganganagar 35-E-Block, Opp Sheetal Mata Vatika, Sri Ganga Nagar 335001 • Sri Rikakulam 4-1-28/1, Venkateshwara Colony Day & Night Junction, SriRikakulam 532001 • Sultanpur Rama Shankar Complex, Civil Lines, Faizabad Road, Sultanpur 228001 • Thanjavur Nalliah Complex, No 70, Srinivasan Pillai Road, Thanjavur 613001 • Thodupuzha First Floor, Pulimooditiee Pioneer Pala Road, Thodupuzha 685584 • Tirunelveli Jeney Building, 55/18, S N Road, Near Arvind Eye Hospital, Tirunelveli 627001 • Tirupur First Floor, 224 A, S Selvakumar Departmental Stores, 1st Floor, Kamraj Road,Opp To Cotton Market Complex, Tiruppur 641604 • Tirupathi H.No:12-3-330 2nd Floor, Tilak Road Near Four Piller Mandapam Tirupathi : 517501 • Tiruvalla 2nd Floor, Erinjery Complex, Near Kotak SecurITIES, Ramanchira Tiruvala 689107 • Trichur 2nd Floor, Brother's Complex, Near Dhanalakshmi Bank Head Office, Naikkanal Junction, Trichur 680001 • Trichy Sri Krishna Arcade, 1st Floor, 60 Thennur High Road, Trichy 620017 • Trivandrum 2nd Floor, Akshaya Towers, Above Jetaiways, Sasthamangalam, Trivandrum 695010 • Tuticorin 4 B, A34, A37, Mangalmal, Mani Nagar,Opp Rajaji Park, Palayamkottai Road, Tuticorin 628003 • Udaipur 201-202, Madhav Chambers, Opp G P O Chetak Circle, Madhuban, Udaipur 313001 • Ujjain 101, Aasta Tower, 13/1,Dhanwantri Marg, Free Gunj