

KOTAK EQUITY ARBITRAGE FUND

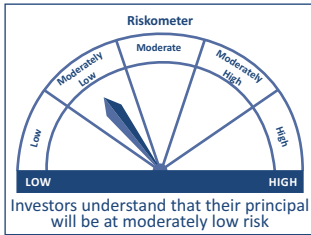
(An open ended scheme investing in arbitrage opportunities)
Continuous Offer: Units at NAV based prices

 6th Floor, Kotak Infinity,
 Building No. 21, Infinity Park,
 Off. Western Express Highway,
 Gen.A.K. Vaidya Marg, Malad (E)
 Mumbai - 400 097.

☎ 1800-222-626

✉ mutual@kotak.com

🌐 assetmanagement.kotak.com



Name	This product is suitable for investors who are seeking [#]
Kotak Equity Arbitrage Fund	Income from arbitrage opportunities in the equity market
	Investment in arbitrage opportunities in the cash & derivatives segment of the equity market

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

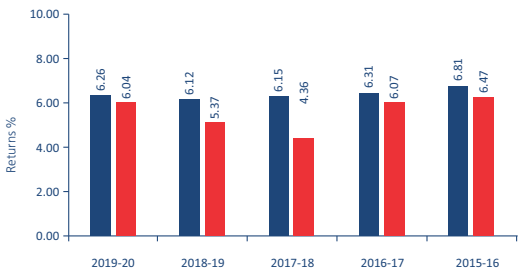
Scheme Re-opened on October 3, 2005

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the Scheme(s) / Mutual Fund, Due diligence certificate by the AMC, Key Personnel, Investors rights & services, Risk Factors, Penalties & Pending Litigations, Associate Transactions, etc. investors should, before investment, refer to the Schemes Information Document and Statement of Additional Information available free of cost at any of the Official Acceptance Points or distributors or from the website www.assetmanagement.kotak.com.**

The Scheme(s) particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The Units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

The date of Key Information Memorandum is April 17, 2020.

Investment Objective	The investment objective of the scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivatives segment of the equity market, and by investing the balance in debt and money market instruments. However, there is no assurance that the objective of the scheme will be realized.																				
Asset Allocation Pattern of the Scheme	<p>a. The asset allocation under normal circumstances will be as follows:</p> <table border="1"> <thead> <tr> <th>Investments</th> <th>Indicative allocation</th> <th>Risk profile</th> </tr> </thead> <tbody> <tr> <td>Equity and equity related instruments including derivatives</td> <td>65% to 90%</td> <td>Low to Medium</td> </tr> <tr> <td>Debt and money market instruments including margin money deployed in derivatives transactions**</td> <td>10% to 35%</td> <td>Low</td> </tr> </tbody> </table> <p>Note: (i) ** Debt securities / instruments are deemed to include securitized debt and investment in securitized debt will not exceed 50% of the debt portion of the scheme. (ii) The asset allocation as given under normal circumstances is indicative and may vary according to circumstances at the sole discretion of the Fund Manager. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above, within a reasonable period of time.</p> <p>b. The asset allocation under defensive circumstances will be as follows:</p> <table border="1"> <thead> <tr> <th>Investments</th> <th>Indicative allocation</th> <th>Risk profile</th> </tr> </thead> <tbody> <tr> <td>Equity and equity related instruments including derivatives</td> <td>0% to 65%</td> <td>Low to Medium</td> </tr> <tr> <td>Debt and money market instruments including margin money deployed in derivatives transactions**</td> <td>35% to 100%</td> <td>Low</td> </tr> </tbody> </table> <p>Note: (i) ** Debt securities / instruments are deemed to include securitized debt and investment in securitized debt will not exceed 50% of the debt portion of the scheme (ii) Defensive circumstances are when the arbitrage opportunities in the market place are negligible or returns are lower than alternative investment opportunities as per allocation pattern. The allocation under defensive considerations will be made keeping in view the interest of the unitholders.</p>			Investments	Indicative allocation	Risk profile	Equity and equity related instruments including derivatives	65% to 90%	Low to Medium	Debt and money market instruments including margin money deployed in derivatives transactions**	10% to 35%	Low	Investments	Indicative allocation	Risk profile	Equity and equity related instruments including derivatives	0% to 65%	Low to Medium	Debt and money market instruments including margin money deployed in derivatives transactions**	35% to 100%	Low
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Risk Profile of the Scheme	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized on page 2																				
Plans & Options	Plan: (a) Regular Plan (b) Direct Plan Option: Dividend Payout, Dividend Reinvestment & Growth (applicable for all plans)																				
Applicable NAV (after the scheme opens for repurchase & sale):	Please refer page 3 and 4 for details.																				
Minimum Application Amount/ Number of Units	Initial Investment: Rs. 5000/- and in multiples of Re. 1 for purchases and for Re 0.01 for switches. Additional Investment: Rs. 1000/- and in multiples of Re. 1 for purchases and for Re 0.01 for switches. SIP Investment: Rs. 500/- (Subject to a minimum of 10 SIP instalments of Rs. 500/- each). Redemption: If the holding is less than Rs. 1000 or 100 units, after processing the redemption request, the entire amount/units will be redeemed from the Scheme																				
Despatch of Repurchase (Redemption) Request	Within 10 working days of the receipt of the redemption request at the authorised centre of the Kotak Mutual Fund.																				
Benchmark Index	Nifty 50 Arbitrage Index																				
Dividend Policy	Forth-nightly (every alternate Monday from the first record date), Monthly (Monday preceding the last Thursday of the month), Bimonthly (Monday preceding the last Thursday of the following months - Jan, Mar, May, Jul, Sep, Nov)																				
Name of the Fund Manager and tenor of managing the scheme	Mr. Rukun Tarachandani is the Fund manager of this scheme. He has been managing the fund since May 9, 2019. Mr. Arjun Khanna is appointed as the dedicated fund manager for investments in foreign securities.																				
Name of the Trustee Company	Kotak Mahindra Trustee Company Limited																				
Performance of the scheme as on March 31, 2020	Compounded Annualised Returns (%) <table border="1"> <thead> <tr> <th>Sep 29, 2005</th> <th>Kotak Equity Arbitrage Fund - Growth</th> <th>Nifty 50 Arbitrage Index</th> </tr> </thead> <tbody> <tr> <td>Since Inception</td> <td>7.37%</td> <td>NA</td> </tr> <tr> <td>Last 1 Year</td> <td>6.26%</td> <td>6.04%</td> </tr> <tr> <td>Last 3 Years</td> <td>6.19%</td> <td>5.26%</td> </tr> <tr> <td>Last 5 Years</td> <td>6.33%</td> <td>5.67%</td> </tr> </tbody> </table> <p>TRI- Total Return Index, the performance of the scheme is benchmarked to the Total /return variant (TRI) of the Benchmark.</p>			Sep 29, 2005	Kotak Equity Arbitrage Fund - Growth	Nifty 50 Arbitrage Index	Since Inception	7.37%	NA	Last 1 Year	6.26%	6.04%	Last 3 Years	6.19%	5.26%	Last 5 Years	6.33%	5.67%			
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Expenses of the Scheme	Upto 2.25%																			
(i) Load Structure	Entry Load: Nil Exit Load: <ol style="list-style-type: none"> For redemptions/ switch outs (including STP/ SWP) within 30 days from the date of allotment of units, irrespective of the amount of investment: 0.25%. For redemptions/ switch outs (including STP/SWP) after 30 days from the date of allotment of units, irrespective of the amount of investment: Nil. Any exit load charged (net off GST, if any) shall be credited back to the Scheme. Units issued on reinvestment of dividends shall not be subject to exit load (applicable for all plans) 																			
(ii) Recurring expenses (% of weekly average net assets)	Please refer to page 5 for details	Actual expenses for the previous Financial Year ended March 31, 2020 (Weekly Average TER): <ol style="list-style-type: none"> Regular Plan - 0.98% P. A. Direct Plan - 0.44% P. A. Note: Does not include additional charged (if any) towards GST on investment and advisory fees & inflows from beyond top 30 cities.																		
Waiver of Load for Direct Applications:	Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all mutual fund schemes. Therefore, the procedure for waiver of load for direct applications is no longer applicable.																			
Tax Treatment for the investors:	Investor is advised to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.																			
Daily NAV Publication:	The NAVs of the Scheme will be calculated and updated on every Business day on AMFI's website www.amfiindia.com by 11.00 p.m. The NAVs shall also be updated on the website of the Kotak Mahindra Mutual Fund viz. assetmanagement.kotak.com . Unitholders may avail the facility to receive the latest available NAVs through SMS by submitting a specific request in this regard to the AMC/Mutual Fund. Delay in uploading of NAV beyond 11.00 p.m. on every business day shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following business day due to any reason, a press release for revised NAV shall be issued. The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website viz. assetmanagement.kotak.com on or before the tenth day of succeeding month.																			
For Investor Grievances, please contact:	Computer Age Management Services Pvt. Ltd. (Registrar) 178/10, M G R Salai, Mungambakkam, Chennai 600034. Ph. 044 3047 7000 Website: www.camsonline.com • E-mail: enq_k@camsonline.com Kotak Mahindra Asset Management Company Limited (Investment Manager) Ms. Sushma Mata, 6th Floor, Kotak Infinity, Building No. 21, Infinity Park, Off. Western Express Highway, Gen.A.K. Vaidya Marg, Malad (E), Mumbai - 400 097. Ph. 022 6115 2100; Fax : 022 6708 2213; Website: assetmanagement.kotak.com ; e-mail: mutual@kotak.com Registered Office: 27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051																			
AAUM and Folio (as on March 31, 2020)	AAUM: Rs. 10,579.72 Crores	FOLIO: 30,646																		
Investment Strategy & Risk Measures: Investment Strategy The scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities and the arbitrage opportunities available within the derivative segment. If suitable arbitrage opportunities are not available in the opinion of the Fund Manager, the scheme may predominantly invest in debt and money market securities. The fund manager will evaluate the difference between price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for cost and taxes, the scheme may buy the stock in the spot market and sell the same stock in equal quantity in the futures market simultaneously. For example, on 29-05-2015, the scheme buys 10,000 shares of XYZ Ltd. on spot @ Rs.144.40/- and at the same time sells 10,000 XYZ Ltd. futures for June 2015 expiry @ Rs.145.70. The scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on 25-06-2015. If the scheme holds this position till expiry of the futures, the scheme earns an annualised net return (after adjusting brokerage, service tax and STT) of 9.03%, irrespective of what is the price of XYZ Ltd. on the date of expiry. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still persists, the scheme may rollover* the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously. * Rolling over of the futures transaction means, <ul style="list-style-type: none"> Unwinding the short position in the futures and simultaneously buying futures of the subsequent month maturity, and Holding onto the spot position. There could also be instances of unwinding both the spot and the future position before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. Disclaimer: XYZ Ltd. is a hypothetical name used only for the purpose of providing illustration. It does not refer to any company actually in existence.																				
Risk control measures for investment strategy The fund will comply with the prescribed SEBI limits. In addition to the SEBI prescribed limits, the fund will comply with the limits prescribed in the Scheme Information Document. These limits are monitored on a daily basis and necessary corrective action is taken, if required.																				
Risk mitigation measures for portfolio volatility The overall volatility of the portfolio would be maintained in line with the objective of the scheme. As the scheme is involved only in cash-futures arbitrage, the portfolio volatility depends on the spread between the cash and the futures prices.																				
Risk mitigation measures for managing liquidity A major part of the scheme is invested in liquid stocks. The fund manager may also keep some portion of the portfolio in debt and money market instruments and/or cash within the specified asset allocation framework for the purpose of meeting redemptions. Stock turnover is monitored at regular intervals.																				
Risk Factor: a) In case of a large redemption, the scheme may need to reverse the spot-futures transaction before the date of futures' settlement. This eventuality may lead to the basis risk. b) While reversing the spot-futures transaction on the Futures & Options settlement day on the National Stock Exchange, there could be a risk of volume-weighted-average-price of the market being different from the price at which the actual reversal is processed. This may result in basis risk.																				

Portfolio details as on
March 31, 2020:

Portfolio - Top 10 holdings (Issuer-wise)

Issuer	% to NAV
Collateralized Borrowing and Lending Obligation/ Reverse Repo	14.66
AXIS Bank Ltd.	14.24
HDFC Bank Ltd.	11.17
HDFC Ltd.	6.99
Reliance Industries Ltd.	6.85
Bharti Airtel Ltd.	5.13
Tata Consultancy Services Ltd.	3.78
Infosys Ltd.	3.4
Sun Pharmaceutical Industries Ltd.	2.93
LIC Housing Finance Ltd.	2.77

Sector Allocation (% of Net Assets)

Sector	% to NAV
Net Current Assets	-7.72
Financial Services	43.45
Collateralized Borrowing and Lending Obligation/ Reverse Repo	14.66
It	11.67
Oil And Gas	9.94
Telecom	5.13
Pharma	5.11
Consumer Goods	5.04
Metals	3.03
Automobile	3.00
Cement & Cement Products	1.76
Services	1.42
Construction	1.09
Fertilisers & Pesticides	0.78
Power	0.73
Chemicals	0.32
Media & Entertainment	0.30
Industrial Manufacturing	0.22
Healthcare Services	0.05
Paper	0.02
Mutual Fund Units	0.00

Note: Reverse Repo includes Corporate Bond Repo (if any).
Total Net Derivative Exposure as at 30 Apr 2019 (0)%

Portfolio Turnover Ratio-Last 1 year: 331.86% (Period from April 1, 2019 to March 31, 2020)

Note: For complete details and latest monthly portfolio, investors are requested to visit [assetmanagement.kotak.com/forms & essentials/information/portfolios](http://assetmanagement.kotak.com/forms&essentials/information/portfolios).

COMMON INFORMATION TO SCHEME (cont.)

Dividend Policy:

Growth Option

Under the Growth option, there will be no distribution of income and the return to investors will be only by way of capital gains, if any, through redemption at applicable NAV of Units held by them.

Dividend Option

Under the Dividend option, the Trustee may at any time decide to distribute by way of dividend, the surplus by way of realised profit and interest, net of losses, expenses and taxes, if any, to Unitholders if, in the opinion of the Trustee, such surplus is available and adequate for distribution. The Trustee's decision with regard to such availability and adequacy of surplus, rate, timing and frequency of distribution shall be final. The Trustee may or may not distribute surplus, even if available, by way of dividend.

The dividend will be paid to only those Unitholders whose names appear on the register of Unitholders of the Scheme / Option at the close of the business hours on the record date, which will be announced in advance. The Fund is required to dispatch dividend warrants within 30 days of the date of declaration of the dividend. The Dividend Option will be available under two sub-options the Payout Option and the Reinvestment Option.

Dividend Payout Option: Unitholders will have the option to receive payout of their dividend by way of dividend warrant or any other means which can be encashed or by way of direct credit into their account.

Dividend Reinvestment Option: Under the reinvestment option, dividend amounts will be reinvested in the Dividend Reinvestment Option at the Applicable NAV announced immediately following the record date.

However, the Trustees reserve the right to introduce new options and / or alter the dividend payout intervals, frequency, including the day of payout.

Monthly Portfolio disclosure: The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website viz.

assetmanagement.kotak.com on or before the tenth day of succeeding month.

Applicable NAV (Continuous Offer) for Purchase/ Switch ins:

a) For amounts greater than or equal to Rs. 2 lakhs:

- In respect of valid applications received upto 3.00 p.m. on a business day and entire amount is available in the mutual fund's account for utilization before the cut off time of the same day closing NAV of the day of receipt of application;
- In respect of valid applications received after 3.00 p.m. on a business day and the entire amount is available in the mutual fund 's account for utilization before cut off time of the next business day the closing NAV of the next business day;
- Irrespective of the time of receipt of the application where the entire amount is available in Mutual fund 's account for utilization before cut off time on any subsequent business day units will be allotted at such subsequent business day's NAV.

b) For amounts less than Rs. 2 lakhs:

- In respect of valid applications received upto 3.00 p.m. 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;
- In respect of valid applications received after 3.00 p.m. with a local cheque or demand draft payable at par at the place where it is received closing NAV of the next business day.

The Applicable NAVs will be as provided above even where the AMC or the Registrar has provided a facility to the investors to transact in the Schemes through the medium of Internet by logging onto specific websites and where investors have signed up for using these facilities. These applicable NAVs will also apply to Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP) and Systematic Transfer Plan (STP).

Notes:

- It is clarified that switches will be considered as redemption in the switch-out scheme and purchase / subscription in the switch-in scheme considering the value of the transactions.
- Cheques received on a business day may be deposited with the primary bankers of the respective location on the next business day. NAV shall be as per the applicable NAV mentioned above. To enable early sighting of funds by the schemes, investors are requested to avail of electronic facilities like RTGS / NEFT in respect of subscriptions and submit the proof of transfer of funds alongwith their applications. AMC shall not be responsible for any delay on account of banking clearance or circumstances which are beyond the control of AMC.

Applicable NAV for Redemption/Switch outs:

- where the application is received upto 3.00 pm the closing NAV of the day immediately preceding the next business day; and
- where the application is received after 3.00 pm the closing NAV of the next business day.

Uniform process for aggregating split transactions for NAV applicability

Pursuant to AMFI circular no. 135/PP/35/2012-13 dated February 18, 2013, the following practice of aggregating split transactions is made applicable from March 4, 2013 and accordingly the closing NAV of the day on which the funds are available for utilization shall be applied where the aggregated amount of investments is Rs. 2 lacs and above:

- All transactions received on the same day (as per Time stamp rule).
- Transactions will include purchases, additional purchases, excluding Switches, SIP/STP and triggered transactions.
- Aggregations will be done on the basis of investor/s PAN. In case of joint holding, transactions with similar holding structures will be aggregated.
- All transactions will be aggregated where investors holding pattern is same as stated above, irrespective of whether the amount of the individual transaction is above or below Rs 2 lacs.
- Only transactions in the same scheme will be clubbed. This will include transactions at option level (Dividend and Growth).
- Transactions in the name of minor received through guardian will not be aggregated with the transaction in the name of same guardian.

For Investors - Grievances please contact:

Computer Age Management Services Pvt. Ltd. (Registrar) 178/10, M G R Salai, Mungambakkam, Chennai - 600034. Ph. 044 3047 7000 • Website:

www.camsonline.com • E-mail: enq_k@camsonline.com

Kotak Mahindra Asset Management Company Limited (Investment Manager) Ms. Sushma Mata, 6th Floor, Kotak Infinity, Building No. 21, Infinity Park, Off. Western Express Highway, Gen.A.K. Vaidya Marg, Malad (E), Mumbai - 400 097. Ph. 022 6605 6825; Fax : 022 6708 2213; Website: assetmanagement.kotak.com; e-mail: mutual@kotak.com Registered Office: 27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

Unit holder's Information:

Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, SEBI Circular no. CIR/MRD/DP/31/2014 dated November 12, 2014, SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016, and SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018 the investor whose transaction has been accepted by Kotak Mahindra Asset Management Company Ltd. / Kotak Mahindra Mutual Fund shall receive the following:

- The AMC shall send an allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number.
- A consolidated account statement (CAS) for each calendar month on or before 10th of the succeeding month shall be sent by email (wherever investor has provided email id) or physical account statement where investor has not provided email id., across the schemes of the mutual funds, to all the investors in whose folio(s) transaction(s) has/have taken place during the month. The same shall be sent by the AMC or by the Agencies appointed by the AMC for non demat unit holders.
- For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN).
- The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN and email id. Such investors will get monthly account statement from Kotak Mutual Fund in respect of transactions carried out in the schemes of Kotak Mutual Fund during the month.
- Pursuant to SEBI Circular no. CIR /MRD /DP /31/2014 dated November 12, 2014 requiring Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts, the following modifications are made to the existing guidelines on issuance of CAS
 - Such Investors shall receive a single Consolidated Account Statement (CAS) from the Depository.
 - Consolidation shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding.
 - In case an investor has multiple accounts across two depositories, the depository with whom the Demat account has been opened earlier will be the default depository which will consolidate the details across depositories and MF investments and dispatch the CAS to the investor.
 - The CAS will be generated on monthly basis.
 - If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within ten days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts, then CAS with holding details shall be sent to the investor on half yearly basis.
 - The dispatch of CAS by the depositories shall constitute compliance by Kotak AMC/ Kotak Mutual Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996
 - Further, a consolidated account statement shall be sent by Depositories every half yearly (September/March), on or before 10th day of succeeding month, providing the following information:
 - holding at the end of the six month
 - The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investors total investments in each MF scheme. The term commission here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods and Services Tax (wherever applicable, as per existing rates), operating expenses, etc.
 - The schemes average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each schemes applicable plan (regular or direct or both) where the concerned investor has actually invested in.
- Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.
- In case of a specific request is received from the investors, Kotak Mahindra Asset Management Company Ltd./ Kotak Mahindra Mutual Fund will provide the physical account statement to the investors.
- In case of units held in demat, on allotment ,confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically.
- An Account Statement may be sent to a Unitholder using e-mail. Account Statements to be issued in lieu of Unit Certificates under the Scheme are non-transferable. These Account Statements shall not be construed as proof of title and are only computer printed statements, indicating the details of transactions under the Scheme concerned.
- Any discrepancy in the Account Statement / Unit Certificate should be brought to the notice of the Fund/ AMC immediately. Contents of the Account Statement / Unit Certificate will be deemed to be correct if no error is reported within 30 days from the date of Account Statement / Unit Certificate.

Half Yearly Account Statement

- Asset management company will send consolidated account statement every half

COMMON INFORMATION TO SCHEME (cont.)

yearly (September/ March), 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 Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.

- The account statement shall reflect :-
 - holding at the end of the six month
 - The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investors total investments in each MF scheme. The term commission here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods and Services Tax (wherever applicable, as per existing rates), operating expenses, etc.
 - The schemes average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each schemes applicable plan (regular or direct or both) where the concerned investor has actually invested in.
- Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.
- Alternately, soft copy of the account statements shall be mailed to the investors e-mail address, instead of physical statement, if so mandated. Transaction shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.

Annual Report or Abridged Summary:

Pursuant to Regulation 56 of SEBI (Mutual Funds) Regulations, 1996 read with SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, read with SEBI Mutual Fund (Second Amendment) Regulation 2018, the scheme wise annual report or abridged summary thereof will be hosted on the website of the Kotak Mahindra Mutual Fund viz. assetmanagement.kotak.com and on the website of AMFI, not later than four months after the close of each financial year (31st March). The AMCs shall display the link prominently on the website of the Kotak Mahindra Mutual Fund viz. assetmanagement.kotak.com and make the physical copies available to the unitholders, at their registered offices at all times. Unit holders whose e-mail addresses are not registered will have to specifically 'opt in' to receive physical copy of scheme wise annual report or abridged summary thereof. The unit holders may request for a physical copy of scheme annual reports at a price and the text of the relevant scheme by writing to the Kotak Mahindra Asset Management Company Ltd. / Investor Service Centre / Registrar & Transfer Agents. The Mutual Fund / AMC shall provide a physical copy of abridged report of the annual report, without charging any cost, on specific request received from a unit holder. An advertisement shall be published every year disclosing the hosting of the scheme wise annual report on website of Kotak Mahindra Mutual Fund and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

Half Yearly Results and Portfolio Disclosure/ Financial Results

The Mutual Funds/ AMCs, shall disclose portfolio (along with ISIN) as on the last day of the month /half-year for all the schemes on the website of the Kotak Mahindra Mutual Fund viz. assetmanagement.kotak.com and on the website of AMFI within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format. In case of unitholders whose e-mail addresses are registered, the AMC shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively. The Mutual Fund / AMC shall provide a physical copy of statement of its scheme portfolio, without charging any cost, on specific request received from a unit holder. An advertisement shall be published every half-year disclosing the hosting of the half-yearly statement of the schemes on website of Kotak Mahindra Mutual Fund and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

Investments under - Direct Plan

New Purchases:

Investors who wish to invest in the Direct Plan should clearly mention the scheme name as <Scheme> - Direct - <Options> in the application form. The broker code field in the application form shall be blank OR investors can write as Direct before submitting the form to any of the Kotak Mutual Fund branches or CAMS collection points.

Additional Purchases:

If the scheme name is clearly written as <Scheme> - Direct - <Options> in the application form, all such transactions will be processed under the Direct Plan. This is irrespective of whether the broker code/existing folio number is mentioned in the application form or not.

If the scheme name is clearly written as <Scheme> - <Option> and the broker code field is blank in the application form, the transaction will be processed in the Direct Plan.

Redemption/Switch:

Where Units under a Scheme are held under both Existing Plan and Direct Plan, investors should clearly mention the plan from which redemption/switch requests are to be processed. If the investor does not mention the plan then the application may be rejected.

SIP/STP:

(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 Existing Plan, installments falling on or after February 1, 2013 will automatically be processed under the Direct Plan.

(b) Investors, who had registered for SIP/STP 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 Existing Plan.

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

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.

All other terms & conditions of the Schemes will remain unchanged.

Regular Plan and Direct Plan:

Regular Plan: This Plan is for investors who wish to route their investment through any distributor.

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

The portfolio of both plans will be unsegregated.

Total Expense Ratio (TER)

Total Expense Ratio is the total of ongoing fees and operating expenses charged to the scheme, expressed as a percentage of the schemes daily net assets. These fees and expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents fee, brokerage/commission, marketing and selling costs, etc. As per Regulation 52(6)(c) of SEBI (MF) Regulations, the total expense ratio of the scheme excluding issue or redemption expenses, whether initially borne by the mutual fund or by the asset management company, but including the investment management and advisory fee shall be subject to the following limits:-

Assets under management Slab (In Rs. crore)	Total expense ratio limits for equity oriented schemes
on the first Rs.500 crores of the daily net assets	2.25%
on the next Rs.250 crores of the daily net assets	2.00%
on the next Rs.1,250 crores of the daily net assets	1.75%
on the next Rs.3,000 crores of the daily net assets	1.60%
on the next Rs.5,000 crores of the daily net assets	1.50%
on the next Rs.40,000 crores of the daily net assets	Total expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof.
on balance of the assets	1.05%

Total Expense Ratio For The Scheme

Total Expense Ratio for the scheme The AMC has estimated following recurring expenses, as summarized in the below table for each scheme. Total expense ratio of each Scheme (including investment and advisory fees) will be subject to the maximum limits (as a percentage of Daily Net Assets of the Scheme) as per Regulation 52(6) & (6A), as amended from time to time, with no sub-limit on investment and advisory fees.

Expenses Structure	% of daily Net Assets of Kotak Equity Arbitrage Fund (Regular Plan)
Investment Management and Investment Advisory Fees	Upto 2.25%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants.	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps for cash market trades and 5bps for derivatives transactions.	
Goods and Services Tax on expenses other than investment and advisory fees	
Goods and Services Tax on brokerage and transaction cost	
Other Expenses	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	Upto 2.25%
Additional expenses under regulation 52 (6A) (C) #	Upto 0.05%
Additional expenses for gross new inflows from specified cities	Upto 0.30%

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

COMMON INFORMATION TO SCHEME

Expense Structure for Direct Plan

The annual recurring expenses will be within the limits specified under the SEBI (Mutual Funds) Regulations, 1996. Commission/ Distribution expenses will not be charged in case of Direct Plan. The TER of Direct Plan will be lower by at least 15% vis-à-vis Regular Plan. Eg: If the TER charged in the Regular Plan is 0.20% (20 basis points) of the daily net assets then the TER charged in the Direct Plan shall not exceed 0.17% (17 basis points) of the daily net assets. In terms of the SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018, all fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan. However, Direct Plan shall have a lower expense ratio than the Regular Plan. The expenses would exclude distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan.

Additional expenses which may be charged to the Schemes:

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

- Brokerage and transaction costs (including Goods & Services Tax) which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions. Any payment towards brokerage and transaction cost, over and above the said 12 bps for cash market transactions may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52. Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost, if any) shall be borne by the AMC.
- Expenses not exceeding of 0.30 % of daily net assets, if the new inflows from beyond top 30 cities are at least: (i) 30 % of gross new inflows in the scheme; or (ii) 15 % of the average assets under management (year to date) of the scheme; whichever is higher. Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis. Provided further that expenses charged under this clause shall be 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. Provided further that the additional TER can be charged based on inflows only from retail investors (SEBI vide its Circular no. SEBI/HO/IMD/DF2/CIR/ P/2019/42 dated March 25, 2019, has defined that inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investor") from beyond top 30 cities. Provided that the additional commission for beyond top 30 cities shall be paid as trail only. In case inflows from beyond top 30 cities is less than the higher of (i) or (ii) above, additional TER on daily net assets of the scheme shall be charged as follows:

$$= \frac{\text{Daily net assets} \times 30 \text{ basis points} \times \text{New inflows from beyond top 30 cities}}{365 \times \text{Higher of (i) or (ii) above}}$$

* 366, wherever applicable.

- Clause 4 of Seventh Schedule to SEBI (Mutual Funds) Regulations, 1996 which restricts investments in mutual fund units upto 5% of net assets and prohibits charging of fees, shall not be applicable to investments in mutual funds in foreign countries made in accordance with guidelines as per SEBI circular no. SEBI/IMD/CIR No.7/104753/07 dated September 20, 2007. However, the management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the overseas mutual fund(s), the same principle shall be applicable for that part of investment.

TER for the Segregated Portfolio

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

Goods and Service Tax (GST):

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

The estimates are based on an amount of Rs. 500 crores for the Scheme and will change to the extent assets are lower or higher.

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

The fund shall update the current expense ratios on the website (assetmanagement.kotak.com) at least three working days prior to the effective date of the change. The web link for TER is <https://assetmanagement.kotak.com/total-expense-ratio>

Acceptance of Subscriptions from U.S. Persons and Residents of Canada

Acceptance of Subscriptions from U.S. Persons and Residents of Canada
The Scheme shall not accept subscriptions from U.S. Persons and Residents of Canada, except where transaction request received from Non resident Indian (NRIs) / Persons of Indian Origin (PIO) who at the time of investment are present in India and submit physical transaction request along with such declarations / documents as may be prescribed by Kotak Mahindra Asset Management Company Ltd and Kotak Mahindra Trustee Company Ltd.

The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC/ Trustee Company. The investor shall be responsible for complying with all the applicable laws for such investments.

The AMC reserves the right to put the transaction request on hold/reject the transaction request, or reverse the units allotted, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard.

The Trustee/AMC reserves the right to change/modify the provisions mentioned above at a later date.

Central KYC (CKYC)

The Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI, an independent body), to perform the function of Central KYC Records Registry including receiving, storing, safeguarding and retrieving KYC records in digital form. Accordingly, in line with SEBI circular nos. CIR/MIRSD/66/2016 dated July 21, 2016 and CIR/MIRSD/120/2016 dated November 10, 2016 on Operationalization of Central KYC (CKYC), read with AMFI Best Practice Guidelines circular no. 68/2016-17 dated December 22, 2016, new individual investors investing into the Fund are requested to note the following changes, with effect from February 1, 2017.

- 1) New individual investors who have never done KYC under KRA (KYC Registration Agency) regime and whose KYC is not registered or verified in the KRA system, will be required to fill the new CKYC form while investing with the Fund.
- 2) If any new individual investor uses the old KRA KYC form which does not have all the information needed for registration with CKYC, such investor will be required to either fill the new CKYC form or provide the missing/additional information using the Supplementary CKYC form. Investors who have already completed CKYC and have a KYC Identification Number (KIN) from the CKYC Registry can invest in schemes of the Fund quoting their 14 digit KIN in the application form. Further, in case the investor's PAN is not updated in CKYC system, a self-certified copy of PAN Card will need to be provided.

SIP Pause facility gives option to pause the SIP for a period ranging from 1 month up to 6 months in a respective scheme. Basic Terms and conditions are as follows:

- The applicant will have the right to pause SIP which is directly registered with KMMF.
- An investor who wishes to request for SIP Pause facility shall duly fill the SIP Pause Form and submit the same at the office of the Customer Service Centres of KMMF or CAMS Service Centre.
- A valid form for SIP Pause facility will be processed within 15 days from the date of receipt of the same.
- SIP Pause facility would allow existing investor to „Pause“ their SIP for a specified period of time i.e. Minimum 1 month and Maximum 6 months.
- There would be no restriction on the number of times a SIP can be paused.
- SIP Pause facility shall be available where „SIP Facility“ is available in the Schemes of KMMF.
- SIP Pause Facility is applicable only for AMC initiated debit instructions i.e. ECS/NACH/Direct Debit, etc.
- SIP Pause Facility is not possible for investors having Standing Instructions with banks.
- The SIP shall continue from the subsequent instalment after the completion of pause period automatically.
- If the SIP pause period is coinciding with the SIP Top Up facility, the SIP instalment amount post completion of pause period would be inclusive of SIP Top Up amount. For e.g. SIP instalment amount prior to pause period is ` 5,000/- and SIP Top Up amount is ₹ 1,000/- . If the pause period is completed after date of SIP Top Up, then the SIP instalment amount post completion of pause period shall be ` 6,000/-.
- Incomplete SIP Pause Form in any respect would be liable to be rejected.
- The investor hereby agrees to indemnify and not hold responsible, the AMC and its employees, the R&T agent and the service providers in case his/her bank is not able to effect any of the payment instructions for whatsoever reason.