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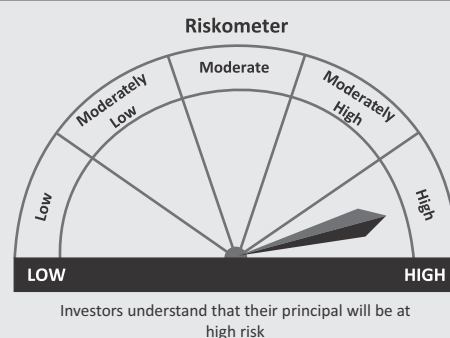
SCHEME INFORMATION DOCUMENT (SID)

Kotak PSU Bank ETF

(An open ended scheme replicating/ tracking Nifty PSU Bank index)

Kotak PSU Bank ETF is suitable for investors who are seeking*:

- Long term capital growth
- Investment in stocks comprising the underlying index and endeavors to track the benchmark index



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

Scheme reopened on November 16, 2007

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

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

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

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Kotak Mahindra Mutual Fund, Tax and Legal issues and general information on assetmanagement.kotak.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.

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I. HIGHLIGHTS/ SUMMARY OF THE SCHEME

Investment Objective	<p>The investment objective of the scheme is to provide returns that closely correspond to the total returns of Nifty PSU Bank Index, subject to tracking errors.</p> <p>However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.</p>
Type of Scheme	An open ended scheme replicating/ tracking Nifty PSU Bank index
Liquidity	<p>All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all the trading days of the stock exchange.</p> <p>Mutual fund will repurchase units from Authorised Participants and Large Investors on any business day provided the value of units offered for repurchase is not less than creation unit size. The redemption consideration shall normally be the basket of securities represented by Nifty PSU Bank Index in the same weightage as in the Index and cash component.</p>
Benchmark	Nifty PSU Bank Index TRI
NAV Information	<p>The Kotak PSU Bank ETF units are listed on NSE and all purchase and sale of units by investors other than Authorised Participants (AP) and Large Investors (LI) will be done on the stock exchange. The NAV has a reference value for investors and will be useful for Authorised Participants for offering quotes on the Stock Exchange.</p> <p>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</p> <p>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.</p> <p>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.</p> <p>The NAV shall also be communicated to the recognized Stock Exchange where, the units would be listed.</p> <p>The AMC may also calculate intra-day indicative NAV and publish the same on its website assetmanagement.kotak.com. Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</p> <p>For Purchase/ Redemption directly from the fund on any business day:</p> <ul style="list-style-type: none"> ▪ upto 3:00 p.m. on a working day, the NAV of such working day. ▪ After 3:00 p.m. on a working day, the NAV of the following working day. <p>The monthly portfolio of the Scheme 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</p>
Listing	The units of the Scheme are listed on NSE. The AMC reserves the right to

	list the units on other exchanges.
Loads	<p>Entry Load: Nil</p> <p>In terms of SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The commission as specified in the aforesaid circular, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.</p> <p>Exit Load: Nil</p> <p>Units issued on reinvestment of dividends shall not be subject to entry and exit load.</p> <p>Any exit load charged (net off Goods and Services tax, if any) shall be credited back to the Scheme.</p>
Sale of Units by Mutual Fund	<p>Ongoing basis:</p> <ul style="list-style-type: none"> • Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund at applicable NAV, plus entry load and transaction charges by depositing basket of securities comprising Nifty PSU Bank Index. • The units are listed on NSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day. • The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market. • The AMC reserves the right to list the units of the scheme on any other exchange, in future
Face Value of units	The face value of each unit will be Rs. 10 per unit. On allotment value of each unit will be approximately equal to 1/10th of the value of Nifty PSU Bank Index.
Creation unit size	<p>Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 10,000 units of the Scheme.</p> <p>For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component. The Portfolio Deposit and Cash Component will change from time to time.</p> <p>Each creation unit consists of 10,000 units of Kotak PSU Bank ETF. Each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the Nifty PSU Bank Index.</p> <p>The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's website.</p>
Transaction handling charges	Transaction handling charges include brokerage, depository participant charges, uploading charges and such other charges that the mutual fund may have to incur in the course of accepting the portfolio deposit or for giving a portfolio of securities as consideration for a redemption request. Such transaction handling charges shall be recoverable from the transacting

	authorised participant or large investor.
Cost of trading on the stock exchange	Investor will have to bear the cost of brokerage and other applicable statutory levies eg, Securities Transaction Tax, etc when the units are bought or sold on the stock exchange.
Dematerialisation	<ul style="list-style-type: none"> a. Units of the Scheme will be available in Dematerialized (electronic) form only. b. The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant. c. Units of the Schemes will be issued, traded and settled compulsorily in dematerialized form.

II. INTRODUCTION

AN INTRODUCTION TO EXCHANGE TRADED FUND (ETF) and INDEX FUNDS

Exchange-traded funds are a relatively recent innovation to the investment company concepts, with the first ETF introduced in 1993 in the USA. However, ETFs – number of ETFs and assets under management of ETFs have grown dramatically in the last one and a half decades.

ETFs are registered investment companies, most of which seek to mirror the return of a particular market index, such as the S&P 500. Investopedia describes ETF as a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange, thus experiencing price changes throughout the day as it is bought and sold. An investor, by owning an ETF gets the diversification of an index fund as well as the ability to sell short, buy on margin and purchase as little as one share. The ETFs can be bought and sold through stock market brokers on payment of stock market related brokerages.

Although most ETFs are registered as open-end funds, there are some key difference between ETFs and other open -end funds such as mutual funds.

One difference is how retail investors buy and sell shares. A retail investor in a mutual fund typically purchases or redeems shares directly with the fund. By contrast, retail shareholders in an ETF do not conduct transactions directly with the ETF but instead buy or sell ETF shares on a stock exchange, just as they would sell or buy the shares of a publicly traded company. ETF shares originally enter the market through an institutional investor, known as a creation unit holder. These investors deposit with the ETF sponsor a specified basket of securities. In return for this basket of securities, the ETF issues to the creation unit holder as specified number of fund shares, which can be sold to the public through a stock exchange. A creation unit holder can liquidate its position by returning a fixed number of ETF shares to the ETF; in return, the creation unit holder receives the basket of securities from the ETF. A retail investor in an ETF could liquidate their position by selling their ETF shares on a stock exchange.

Another feature that distinguishes ETFs from open-end funds is pricing. ETF shares may trade above or below the underlying value of the securities in the fund. Unlike a mutual fund, whose price per share is based on the fund's net asset value (NAV), an ETF's share price is influenced by the forces of supply and demand. For example, when investors demand increase, the ETF share price rises. However, ETFs are structured so that large differences between their share price and the value of the underlying basket of securities do not exist for long period of time. Creation unit holders counteract the impact of supply and demand for ETF share by buying and selling ETF shares in the market, and if necessary, by creating or redeeming creation units with the fund. In doing so, creation unit holders help keep the market price of an ETF's share close to the underlying value of its securities.

(Source: Fact book 2006; Institute of Capital Investments, New York)

INDEX FUND

An index is a group of stocks that an Index Service Provider selects as a representative of a market, market segment or specific industry sector. The Index Service Provider calculates, maintains and disseminates the index. Most of the indices calculated are based on market capitalization (price x outstanding equity capital) of each stock and the weightage of each stock in the index is determined based on its market capitalisation. An index fund invests in securities of the index in the same weightage.

The advantages of investing in an Index Fund are:

1. **Diversification:** Since Index Schemes replicate to a large extent the market index, they provide diversification across various sectors/ segments/Scripts.
2. **Low costs:** Index Schemes are passively managed schemes, as a result of which costs such as those relating to management fees, trade execution, research etc. are generally kept relatively low.
3. **Transparency:** As indices are pre-defined, investors know the securities and proportion in which their money will be invested.
4. **Arbitrage:** These schemes provide low impact cost arbitrage opportunities between cash and derivatives market.
5. **Operational simplicity:** The ETF units are traded like stock on the stock exchange due to which investors who are familiar with stock market trading can take the benefits of investing in an index without the complications involved in derivative trading.

Kotak PSU Bank ETF is an exchange traded index fund scheme that invests in securities of a “Banking Index” in the same weightage as the underlying index.

Kotak PSU Bank ETF aims to invest in stocks included Nifty PSU Bank Index

A. Risk Factors

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. The value of investments may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- Kotak PSU Bank ETF is only the name of the scheme 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.2,50,000 made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme.

Scheme Specific Risk Factors

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

- The NAV of the units is closely related to the value of stocks that form a part of the Nifty PSU Bank Index. The value of this will react to stock market movements and will result in positive or negative changes in the NAV of units under the scheme. There could also be

movements in the schemes NAV due to changes in interest rates, macro economic and political developments and over longer periods during market downturns.

- **Liquidity Risk:** Trading in Kotak PSU Bank ETF may be halted due to market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in Kotak PSU Bank ETF is not advisable. There could also be trading halts caused by extraordinary market volatility and pursuant to NSE/BSE and SEBI circuit filter rules. There can be no assurance that the requirements of the exchange, necessary to maintain the listing of the Kotak PSU Bank ETF will continue to be met or will remain unchanged.
- The concept of exchange-traded funds is relatively new to Indian capital markets. Trading in Kotak PSU Bank ETF could therefore be restricted due to which market price may or may not reflect the true NAV of Kotak PSU Bank ETF at any point of time. Also there can be no assurance that an active secondary market will develop or be maintained for the Scheme units.
- **Regulatory Risk:** Any changes in trading regulations by the stock exchange (s) or SEBI may affect the ability of Authorised Participant to arbitrage resulting into wider premium/ discount to NAV.
- **Sectoral Risk:** The banking sector in general could underperform returns from the securities included in the index or other asset classes.
- **Concentration risk:** The scheme will invest in stocks included in the Nifty PSU Banking index; the number of stocks in the index is limited i.e., about 12 stocks (at present). Therefore the scheme is exposed to high level of concentration risk.
- **Passive Investments:** As the scheme proposes to invest not less than 95% of the net assets in the securities of the benchmark Index, the Scheme is a passively managed scheme and provides exposure to the benchmark and tracking its performance and yield as closely as possible. The Schemes performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.
- The performance of the Nifty PSU Bank Index will have a direct bearing on the performance of the scheme. Hence any composition change in terms of weightage or stocks selection will have an impact on the scheme.
- Tracking error may have an impact on the performance of the scheme. However KMAMC will endeavour to keep the tracking error as low as possible.
- Investors may note that even though this is an open-ended scheme, they will have to buy or sell units of the scheme on the stock exchanges where these units are listed for liquidity at the market price, subject to the rules and regulations of the exchange. Buying and selling units on stock exchange requires the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/broker, payment of brokerage, securities transactions tax and such other costs.
- The market price of ETF units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV. However since the Authorised Participants and Large Investors can transact with the AMC for units beyond the creation unit size there should not be a significant variance from the NAV. Hence the price of ETF is less likely to hold significant variance (large premium or discount) from the latest declared NAV all the time.
- The units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlements of trades, repurchase of units by the mutual fund depend up on the confirmations to be received from depository (ies) on which the mutual fund has no control.

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

- **Price fluctuations and Volatility:**

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

- **Concentration / Sector Risk:**

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

- **Liquidity Risks:**

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

- **Potential Loss associated with Securities Lending:-**

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

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

Kotak PSU Bank ETF invests not less than 95% its corpus in the securities representing Nifty PSU Bank Index. As this scheme endeavors to earn returns that closely correspond to the total returns represented by Nifty PSU Bank Index, the scheme will have insignificant cash or debt/ market investments. Therefore, the scheme is not significantly susceptible to risks associated with debt/money markets.

B. Requirement of Minimum Investors in the Scheme

The requirement of minimum number of investors in the scheme is not applicable to Kotak PSU Bank ETF.

C. Special Considerations

- Prospective investors should review/study SAI along with SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of units within their jurisdiction/nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/gifting to, purchasing or holding units before making an application for units.
- Neither this SID and SAI, nor the units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of this SID is required to inform themselves about, and to observe, any such restrictions. It is the responsibility of any persons in possession of this SID and any persons wishing to apply for units pursuant to this SID to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. Any changes in SEBI/NSE/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.
- Kotak Mahindra Mutual Fund/AMC has not authorised any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of units under the Schemes. Prospective investors are advised not to rely upon any information or representations not incorporated in the SAI and SID as the same have not been authorised by the Fund or the AMC. Any purchase or redemption made by any person on the basis of statements or representations which are not contained in this SID or which are not consistent with the information contained herein shall be solely at the risk of the investor. The investor is requested to check the credentials of the individual, firm or other entity he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund shall not be responsible for any acts done by the intermediaries representing or purportedly representing such investor.
- If the units are held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Fund may mandatorily redeem all the units of any Unit holder where the units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.
- If a Unit holder makes a redemption request immediately after purchase of units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by the Unit holder (for purchase of units) is realized and the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased units may have to be redeemed to effect the full redemption.
- In terms of the Prevention of Money Laundering Act, 2002 ("PMLA") the rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML) Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification programme, and to verify and maintain the record of identity and address(es) of investors.
- If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to

competent authorities under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unit holder/any other person.

- The AMC offers portfolio management service. The AMC has renewed its registration obtained from SEBI vide Registration No. – INP000000837 dated November 13, 2018 to act as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993. The said certificate of registration is valid unless it is suspended or cancelled by SEBI. Kotak Mahindra Pension Fund Limited, a subsidiary of the AMC is providing pension fund management services. The AMC has received no objection certificate from SEBI for management of pension funds through its subsidiary. The AMC has received No objection from SEBI for providing non-binding offshore advisory services to offshore funds. The AMC has not yet commenced providing non-binding offshore advisory services. The AMC has systems in place to ensure that there is no conflict of interest between the aforesaid activities.

Type of Investors:

The following three types of investors may subscribe to the units of the scheme:

- **Authorised Participants (AP):** AP is an entity engaged by AMC to undertake the responsibility of a market maker and ensure liquidity in the stock market. The role of AP will endeavour to assure liquidity for Kotak PSU Bank ETF units in the stock exchanges where the units are listed.
- **Large Investors (LI):** LI may buy and redeem units in creation unit size directly from the Fund directly on any business day at applicable NAV price and applicable entry load plus transaction charges, as and when permitted by the AMC.
- **Other Investors:** Investors other than AP and LI may buy or sell Kotak PSU Bank ETF units from the stock market only, on an ongoing basis.

1. Requirement of Demat account for investing in the scheme

The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.

2. Procedure for Purchase/Redemption of Units directly from the Fund:

Only Authorised Participants can purchase or redeem unit directly from the Fund as per the procedure given below:

a. Creation/Redemption of units in Creation Unit Size by Exchanging Portfolio Deposit

The Fund creates / redeems the scheme units in large size known as “Creation Unit”. The value of the “Creation Unit” is 10000 units of the Scheme or in multiple thereof called as the “Portfolio Deposit” and a “Cash Component” which will be exchanged for corresponding number of units. The Portfolio Deposit and Cash Component may change from time to time and will be announced by Fund on its website. Portfolio deposit shall be made into a pre-designated depository account.

b. Procedure for Creating Scheme's units in Creation Unit Size

AP may deposit requisite basket of securities comprising Nifty PSU Bank Index constituting the Portfolio Deposit and Cash component. The requisite securities constituting the Portfolio Deposit have to be transferred to the designated depository account of the scheme while the Cash Component has to be paid to the AMC by way of a cheque or pay order or demand draft. The AMC will have the corresponding number of units credited to the depository account of the AP.

The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.

Example for Calculation of the price at which units can be purchased and the unit's receivable by the investor

Scrip	Quantity as on Jun 3 rd , 2020	Price as on Jun 3 rd , 2020	Value as on Jun 3 rd , 2020	Weight
Bank of Baroda	5447	43.15	235038.1	18.54
Bank of India	2389	39.50	94365.5	7.44
Bank of Maharashtra	2831	10.30	29159.3	2.30
Canara Bank	1669	97.15	162143.4	12.79
Central Bank Of India	2775	15.90	44122.5	3.48
Indian Bank	740	49.40	36556	2.88
Indian Overseas Bank	4078	9.40	38333.2	3.02
The Jammu and Kashmir Bank Ltd.	1837	12.85	23605.45	1.87
Punjab National Bank	5193	30.25	157088.3	12.39
Punjab & Sind Bank	681	15.45	10521.45	0.83
State Bank Of India	1811	174.90	316743.9	24.99
UCO Bank	2794	12.40	34645.6	2.73
Union Bank Of India	3050	27.90	85095	6.71

Amount collected (Rupees)	A	1,000,000,000
NAV	B	126.78
Units allotted say	$C = (A/B)$	7,887,679.44
Portfolio Value	D	126.74
Cash Component	$E = B - D$	0.04
Actual Inv in stocks say	$F = C * D$	999,698,690.65
Balance cash for expenses say	$G = C * E$	301309.35

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

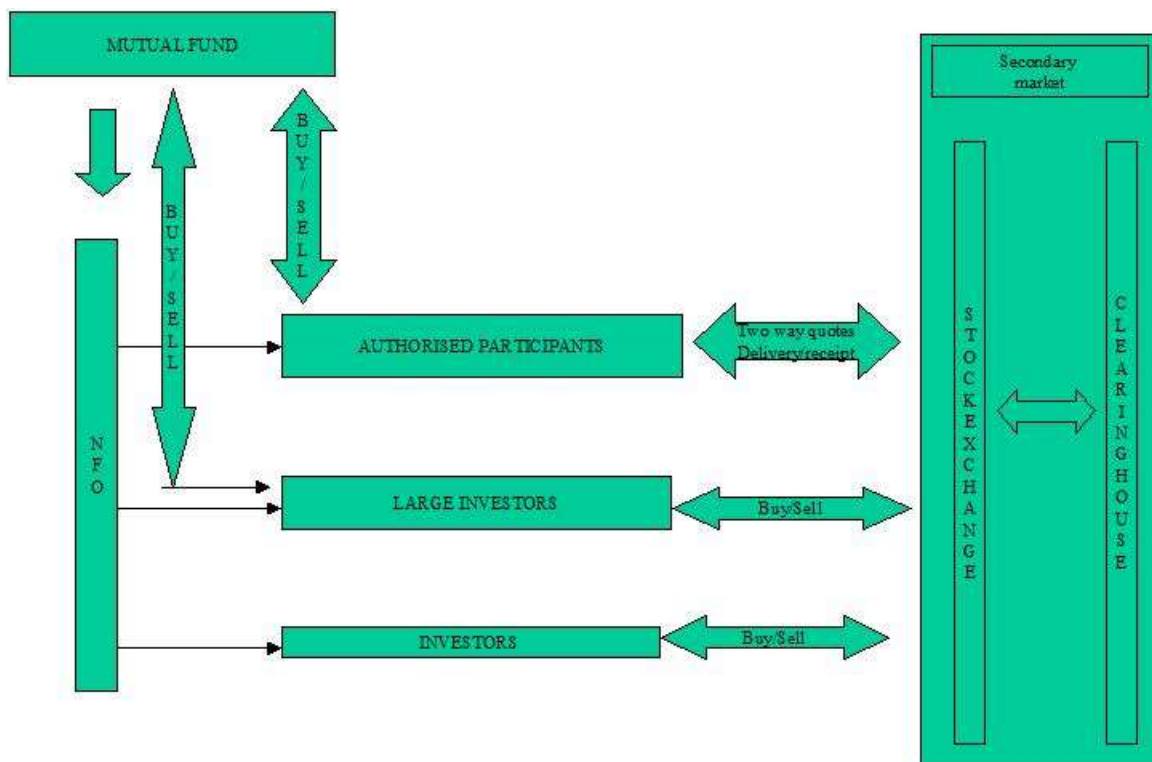
Also, the incidental expenses of brokerage, STT, STP charges and NSDL charges would be recovered from the investor.

Allotment of units and fractional units

Stock exchanges may not allow trading of fractional units. Trustees may, with a view to avoid creation of fractional units, decide to allot units only in integers by rounding off the units allotted to the lower integer and the balance will be refunded to the investor.

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

Type of investor and transaction details	Sale of units by Mutual Fund	Redemption of units by unit holders
During Continuous offer		
Authorized Participants	Any business day in creation unit* Size at applicable NAV and transaction handling charges.	Any business day in creation unit* Size
Large Investor	Any business day in creation unit* Size at applicable NAV and transaction handling charges.	Any business day in creation unit* Size
Other investors	Only through stock exchange	Only through stock exchange
Role of Authorised participants	Gives two way quotes in the secondary market. Stands as a seller for a buy order.	Gives two-way quotes in the secondary market. Stands as a buyer against a sell order.
Role of large investor	Only an investor – no other role in the scheme operations.	



* Creation unit

Each creation unit consists of 10,000 units of Kotak PSU Bank ETF.

Each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the Nifty PSU Bank Index.

a. **Procedure for Redeeming Scheme's units in Creation Unit Size**

AP may submit Redemption request transaction form prescribed by the AMC enclosed with redemption request slip used in the depository system duly acknowledged by the depository participant with which AP has a depository account.

The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.

b. **Redemption method:**

- Unitholder (large investor or authorized participant) may submit to any of the offices of AMC Redemption request Form enclosed with a copy of redemption request duly acknowledged by the depository participant.
- The depository participant will process the request and forward the same to Registrar to the Scheme in the normal course.
- The time taken for confirmation of repurchase of units is dependent upon the timelines and procedures of depositories.
- Redemption proceeds in the form of Portfolio of securities will be transferred to the demat account of the unit holder within three days of confirmation with the depository records.

c. **Buying /Selling through the Stock Exchange**

Buying / Selling units on the stock exchange is just like buying / selling any other normal listed securities. If an investor has bought units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The trading member would pay the money or deliver the units to the investor in accordance with time prescribed by the stock exchange regulations.

If an investor has bought units, he should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange's clearing corporation.

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

D. Definitions

In this SID, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

Applicable NAV	Unless stated otherwise in this document, 'Applicable NAV' is the Net Asset Value at the close of a Working/Business Day as of which the purchase or redemption is sought by an investor and determined by the Fund.
Asset Management Company or AMC or Investment Manager or KMAMC	Kotak Mahindra Asset Management Company Limited, the Asset Management Company incorporated under the Companies Act, 1956, and authorised by SEBI to act as Investment Manager to the Schemes of Kotak Mahindra Mutual Fund.
Authorised Participant /AP	Member of the Stock Exchanges having trading terminals on which the units of the scheme are listed and appointed by the AMC to give two way quotes on the stock exchanges and who deal in creation unit size for the purpose of purchase and sale of units directly from the AMC
Business day	<p>A day other than:</p> <ul style="list-style-type: none">(i) Saturday and Sunday(ii) A day on which the National Stock Exchange or Bombay Stock Exchange is closed(iii) A day on which NSDL or CDSL is closed for the purpose of transfer of securities between depository (demat) accounts.(iv) A day on which Purchase and Redemption of units is suspended by the AMC <p>Additionally, the day when banks in any location where the AMC's Investor service centers are located, are closed due to local holiday, such days will be treated as non-business days at such centers for the purpose of accepting subscriptions. However if the Investor service center in such local holidays, only redemption and switch request will be accepted at those centers provided it is a business day for the scheme.</p> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.</p>
Custodian	Standard Chartered Bank and Deutsche Bank, acting as Custodians to the Scheme, or any other Custodian appointed by the Trustee.
Creation Unit	<p>Creation Unit is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the index called the Portfolio Deposit and a Cash Component equal to the value of 10,000 units of the Scheme or cash equal to the value of 10,000 units of the scheme.</p> <p>For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component or cash equal to the value of 10,000 units of the scheme.</p> <p>The Portfolio Deposit and Cash Component will change from time</p>

	<p>Each creation unit consists of 10,000 units of Kotak PSU Bank ETF. Each unit of Kotak PSU Bank ETF will be approximately equal to 1/10th of the value of the Nifty PSU Bank Index.</p> <p>The creation unit size may be changed by the AMC at their discretion and the notice of the same shall be published on AMC's website.</p>
Creation date	Creation date is the date on which units are allotted against a creation unit transaction.
Depository	A depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Entry Load	The charge that is paid by a Unitholder when he invests an amount in the Scheme.
Exit Load	The charge that is paid by a Unitholder when he redeems Units from the Scheme.
Exchange Traded Funds (ETF)	Exchange Traded Funds are passively managed funds tracking a benchmark index and reflect the performance of that index. They have the flexibility of trading on stock exchanges like a share and offer the best features of open and close end funds.
Large Investors/LI	For the purpose of Purchase and Redemption of units under Kotak PSU Bank ETF, "Large Investors" would mean investors who deal in creation unit size, other than Authorised Participants.
Foreign Portfolio Investor or (FPI)	<p>Means a person who satisfies the eligibility criteria prescribed under regulation 4 of SEBI (Foreign Portfolio Investors) Regulations, 2014 and has been registered under Chapter II of these regulations, which shall be deemed to be an intermediary in terms of the provisions of the Securities and Exchange Board of India Act, 1992.</p> <p>Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.</p>
Gilts/Government Securities	Securities created and issued by the Central Government and/or State Government.
IMA	Investment Management Agreement dated 20th May 1996, entered into between the Fund (acting through the Trustee) and the AMC and as amended up to date, or as may be amended from time to time.
Investor Service Centres or ISCs	Designated branches of the AMC / other offices as may be designated by the AMC from time to time.
Kotak PSU Bank ETF	An open-ended Exchange Traded Fund
Kotak Bank/ Sponsor	Kotak Mahindra Bank Limited.
KMMF/Fund/ Mutual Fund	Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882.
KMTCL/Trustee	Kotak Mahindra Trustee Company Limited, a company set up under the Companies Act, 1956, and authorised by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.

Mutual Fund Regulations/ Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended up to date, and such other regulations as may be in force from time to time.
NAV	Net Asset Value of the Units of the Scheme (including the options thereunder) as calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. The NAV is computed upto four decimal places.
NRI	Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999.
Scheme Information Document (SID)	This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme..
Statement of Additional Information (SAI)	It contains details of Kotak Mahindra Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document)
Portfolio deposit	Portfolio Deposit consists of pre-defined basket of securities that represent the underlying index and announced by AMC from time to time.
Purchase Price	Purchase Price, to an investor, of Units of respective Schemes (including Options thereunder) computed in the manner indicated under sub-paragraph 'Purchase Price' under paragraph 'Purchase of Units' in Chapter V 'Units'.
Redemption Price	Redemption Price to an investor of Units of the Scheme (including Options thereunder) computed in the manner indicated under sub-paragraph 'Redemption Price' under paragraph 'Redemption of Units' in Chapter IV "Units and Offer".
Registrar	Computer Age Management Services Private Limited ('CAMS'), acting as Registrar to the Scheme including the services relating to providing interface with depository system, or any other Registrar appointed by the AMC.
Repo	Sale of securities with simultaneous agreement to repurchase them at a later date.
Reserve Bank of India/RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
Reverse Repo	Purchase of securities with a simultaneous agreement to sell them at a later date.
Risk - Free	Absence of credit risks i.e. no risk of default on payment of principal and interest.
Tri-party Repo	Tri-party repo is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.
Scheme	Kotak PSU Bank ETF.
SEBI	The Securities and Exchange Board of India.
Tracking Error	Means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time from any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.

Transaction cost	Charges payable to Custodian / Depository Participants, and any incidental expenses relating to conversion of basket of securities into units or units into basket of securities consequent upon purchase or redemption.
Trust Deed	The Trust Deed entered into on 20th May, 1996 between the Sponsor and the Trustee, as amended up to date, or as may be amended from time to time.
Trust Fund	The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.
Unit	The interest of the investors in any of the Schemes, which consists of each Unit representing one undivided share in the assets of the respective Schemes.
Unitholder	A person who holds Unit(s) under the Scheme.
Words and Expressions used in this SID and not defined	Same meaning as in Trust Deed.

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.

**For Kotak Mahindra Asset Management Company Limited
Asset Management Company for Kotak Mahindra Mutual Fund**

Place: Mumbai

Jolly Bhatt

Date: June 29, 2020

Compliance Officer and Company Secretary

III. INFORMATION ABOUT THE SCHEME

Kotak PSU Bank ETF

A. Type of the scheme

An open ended scheme replicating/ tracking Nifty PSU Bank index

B. What is the investment objective of the scheme?

The investment objective of the scheme is to provide returns that closely correspond to the total returns of NiftyPSU Bank Index, subject to tracking errors.

However, there is no assurance that the investment objective of the Scheme will be achieved.

Tracking Error

Tracking error means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time from any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.

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

- Holding of a cash position to meet redemptions or to distribute dividend.
- Payment of scheme related expenses.
- Corporate actions announced by the issuers of securities representing the Nifty PSU Bank Index like conversion of warrants/debentures, rights, mergers/demergers, issue of rights shares, disinvestment or offer for sale by government, dividend payout, etc
- Rounding off of quantity of shares in the underlying index

C. How will the scheme allocate its assets?

The asset allocation under the Scheme, under normal circumstances, is as follows:

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising Nifty PSU Bank Index*	95% to 100%	Medium to High
Cash and debt/money market instruments**	0% to 5%	Low

*Exposure to equity derivatives of the index itself or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period etc. The gross position to such derivatives will be restricted to 10% of net assets of the scheme.

** Investment in Debt instruments (for liquidity purpose) will be of less than 1 year residual maturity 23 The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile However, there can be no

assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Underlying Index.

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in securities lending and borrowing and short selling. At present, since only lending is permitted, the Fund may temporarily lend securities held with the Custodian to reputed counter-parties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The Fund, as per the current regulations is allowed to lend securities subject to a maximum of 50%, in aggregate, of the net assets of the Scheme and 50% of the net assets of the Scheme in the case of a single intermediary.

About the Index:

The Indian banking system, reaping the benefits of strong credit off take and improved risk management practices.

The public sector banks with their existing widespread branch network have been primarily increasing their IT related expenditure. The core profitability of the public sector banks continue to rise on the back of improving operating efficiencies.

Consolidation would further improve PSU banks' competitive edge against their private counterparts in servicing customers — both retail and corporate — in the international and domestic markets. Recognizing these changing dynamics of Indian banking industry, NSE Indices has developed Nifty PSU Bank Index to capture the performance of the PSU banks.

Methodology

The NIFTY PSU Bank Index is designed to reflect the behavior and performance of the public sector banks. The index comprises of maximum of 12 stocks. The base date of the index is January 1, 2004 and base value of 1000 points

Market Representation

At present (as on June 26, 2020) the index has the following 12 stocks from the banking sector traded on the National Stock Exchange.

Security Name	% Weight in the Index
BANK OF BARODA	18.04
BANK OF INDIA	6.49
CANARA BANK	11.18
CENTRAL BANK OF INDIA	2.38
INDIAN BANK	2.89
INDIAN OVERSEAS BANK	3.02
JAMMU & KASHMIR BANK LTD.	1.58
BANK OF MAHARASHTRA.	1.41
PUNJAB NATIONAL BANK	13.96
STATE BANK OF INDIA	29.20
UCO BANK	2.25

Selection Criteria

Selection of the index set is based on the following criteria:

- Public sector banks must rank within top 800 based on both average daily turnover and average daily full market capitalisation for the last six months.
- Companies must have 51% of their outstanding share capital held by the Central Government and/or State Government, directly or indirectly.
- The company's trading frequency should be at least 90% in the last six months.
- The company should have a listing history of 6 months. A company which comes out with an IPO will be eligible for inclusion in the index, if it fulfills the normal eligibility criteria for the index for a 3 month period instead of a 6 month period.
- Final selection of companies shall be done based on the free-float market capitalization of the companies.
- Weightage of each stock in the index is to be calculated based on its free-float market capitalization such that no single stock shall be more than 34% and weightage of top 3 stocks cumulatively shall not be more than 63% at the time of rebalancing

In terms of the SEBI Circular SEBI/HO/IMD/DF3/ CIR/P/2019/011 dated January 10, 2019, the Index shall comply with the following portfolio concentration norms:

- a) The Index shall have a minimum of 10 stocks as its constituents.
- b) No single stock shall have more than 35% weight in the Index.
- c) The weightage of the top three constituents of the Index, cumulatively shall not be more than 65% of the Index.
- d) The individual constituent of the Index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

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

D. Where will the scheme invest?

Subject to the Regulations, the amount collected under the scheme can be invested in any (but not exclusively) of the following securities/ instruments, as per the indicative asset allocation given under the heading "How will the Scheme allocate its assets":

The Fund would invest not less than 95% of its corpus in stocks comprising the underlying index and endeavor to track the benchmark index.

Kotak PSU Bank ETF is an index exchange traded fund and aims to track the benchmark index, i.e. Nifty PSU Bank Index and yield as closely as possible and therefore will follow a passive investment strategy. As the scheme has to track the benchmark index, the scheme will attempt to retain least amount of cash and will also try to avoid investment in debt/money market instruments.

Product Differentiation in comparison with other ETF schemes offered by the Fund:

Name of the Existing Scheme	Objective	Asset Allocation Pattern			Differentiation								
Kotak Gold ETF	The investment objective of the scheme is to generate returns that are in line with the returns on investment in physical gold, subject to tracking errors.	<table border="1"> <thead> <tr> <th data-bbox="588 461 764 589">Investments</th> <th data-bbox="777 461 932 589">Indicative Allocation (% to net assets)</th> <th data-bbox="936 461 1059 589">Risk Profile</th> </tr> </thead> <tbody> <tr> <td data-bbox="588 595 764 663">Physical Gold</td> <td data-bbox="777 595 932 663">95% to 100%</td> <td data-bbox="936 595 1059 663">Low to Medium</td> </tr> <tr> <td data-bbox="588 669 764 792">Debt and money market instruments</td> <td data-bbox="777 669 932 792">0% to 5%</td> <td data-bbox="936 669 1059 792">Low</td> </tr> </tbody> </table>	Investments	Indicative Allocation (% to net assets)	Risk Profile	Physical Gold	95% to 100%	Low to Medium	Debt and money market instruments	0% to 5%	Low		Kotak Gold ETF is the only fund offered by Kotak Mahindra Mutual Fund which aims to generate returns that are in line with the returns on investment in physical gold.
Investments	Indicative Allocation (% to net assets)	Risk Profile											
Physical Gold	95% to 100%	Low to Medium											
Debt and money market instruments	0% to 5%	Low											
Kotak SENSEX ETF	The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of the BSE SENSEX index subject to tracking errors.	<table border="1"> <thead> <tr> <th data-bbox="588 842 764 969">Investments</th> <th data-bbox="777 842 932 969">Indicative Allocation (% to net assets)</th> <th data-bbox="936 842 1059 969">Risk Profile</th> </tr> </thead> <tbody> <tr> <td data-bbox="588 976 764 1133">Stocks comprising Comprising BSE Sensex</td> <td data-bbox="777 976 932 1133">95% to 100%</td> <td data-bbox="936 976 1059 1133">Medium to High</td> </tr> <tr> <td data-bbox="588 1140 764 1263">Debt and money market instruments</td> <td data-bbox="777 1140 932 1263">0% to 5%</td> <td data-bbox="936 1140 1059 1263">Low</td> </tr> </tbody> </table>	Investments	Indicative Allocation (% to net assets)	Risk Profile	Stocks comprising Comprising BSE Sensex	95% to 100%	Medium to High	Debt and money market instruments	0% to 5%	Low		Kotak Sensex ETF is the only fund offered by Kotak Mahindra Mutual Fund which aims to provide returns that closely correspond to the total returns of stocks as represented by BSE SENSEX Index.
Investments	Indicative Allocation (% to net assets)	Risk Profile											
Stocks comprising Comprising BSE Sensex	95% to 100%	Medium to High											
Debt and money market instruments	0% to 5%	Low											
Kotak Nifty ETF	The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of the Nifty 50 subject to tracking errors.	<table border="1"> <thead> <tr> <th data-bbox="588 1312 764 1440">Investments</th> <th data-bbox="777 1312 932 1440">Indicative Allocation (% to net assets)</th> <th data-bbox="936 1312 1059 1440">Risk Profile</th> </tr> </thead> <tbody> <tr> <td data-bbox="588 1447 764 1547">Stocks comprising Nifty 50</td> <td data-bbox="777 1447 932 1547">95% to 100%</td> <td data-bbox="936 1447 1059 1547">Medium to High</td> </tr> <tr> <td data-bbox="588 1554 764 1677">Debt and money market instruments</td> <td data-bbox="777 1554 932 1677">0% to 5%</td> <td data-bbox="936 1554 1059 1677">Low</td> </tr> </tbody> </table>	Investments	Indicative Allocation (% to net assets)	Risk Profile	Stocks comprising Nifty 50	95% to 100%	Medium to High	Debt and money market instruments	0% to 5%	Low		Kotak Nifty ETF is the only fund offered by Kotak Mahindra Mutual Fund which aims to provide returns that closely correspond to the total returns of stocks as represented by Nifty 50 Index.
Investments	Indicative Allocation (% to net assets)	Risk Profile											
Stocks comprising Nifty 50	95% to 100%	Medium to High											
Debt and money market instruments	0% to 5%	Low											
Kotak NV 20 ETF	The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of stocks as	<table border="1"> <thead> <tr> <th data-bbox="588 1715 764 1843">Investments</th> <th data-bbox="777 1715 932 1843">Indicative Allocation (% to net assets)</th> <th data-bbox="936 1715 1059 1843">Risk Profile</th> </tr> </thead> <tbody> <tr> <td data-bbox="588 1850 764 1973">Stocks comprising Nifty 50 Value 20 Index</td> <td data-bbox="777 1850 932 1973">95% to 100%</td> <td data-bbox="936 1850 1059 1973">Medium to High</td> </tr> </tbody> </table>	Investments	Indicative Allocation (% to net assets)	Risk Profile	Stocks comprising Nifty 50 Value 20 Index	95% to 100%	Medium to High		Kotak NV20 ETF is the only fund offered by Kotak Mahindra Mutual Fund which aims to provide returns that closely correspond to the total returns of stocks as represented by Nifty 50 Value 20 Index.			
Investments	Indicative Allocation (% to net assets)	Risk Profile											
Stocks comprising Nifty 50 Value 20 Index	95% to 100%	Medium to High											

	represented by the Nifty 50 Value 20 Index, subject to tracking errors.	Cash and Debt/ money market instruments	0% to 5%	Low	
Kotak Banking ETF	The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of the Nifty Bank Index subject to tracking errors.	Investments	Indicative Allocation (% to net assets)	Risk Profile	Kotak Banking ETF is the only fund offered by Kotak Mahindra Mutual Fund which aims to provide returns that closely correspond to the total returns of stocks as represented by Nifty Bank Index.
		Stocks comprising Nifty Bank Index	95% to 100%	Medium to High	
		Cash and Debt/ money market instruments	0% to 5%	Low	

E. What are the investment strategies?

The Fund would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Kotak PSU Bank ETF endeavours to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error.

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

Risk Control Measures for investment strategy

The Fund would invest not less than 95% of its corpus in stocks comprising the underlying index and endeavor to track the benchmark index.

Kotak PSU Bank ETF is an index exchange traded fund and aims to track the benchmark index, i.e. Nifty PSU Bank Index and yield as closely as possible and therefore will follow a passive investment strategy. As the scheme has to track the benchmark index, the scheme will attempt to retain least amount of cash and will also try to avoid investment in debt/money market instruments.

The Schemes' performance may be affected by a general price decline in the stock markets. The Scheme invests in the stocks comprising the index regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.

Risk control measures for investment strategy

The scheme aims to track the Nifty PSU Bank Index as closely as possible post expenses. The index is tracked on a regular basis and changes to the constituents or their weights, if any, are replicated in the underlying portfolio with the purpose of minimizing tracking error.

Risk mitigation measures for portfolio volatility

Being a banking sector focused ETF; the scheme carries higher risk compared to a diversified equity scheme. However the portfolio follows the Nifty PSU Bank Index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to tracking error. Also being passively managed, the scheme carries lesser risk as compared to active fund management. The fund manager would endeavor to keep cash levels at the minimal to control tracking error.

Risk mitigation measures for managing liquidity

The Nifty PSU Bank Index represents about 2.3% of the free float market capitalization of the stocks listed on NSE and 91.1% of the free float market capitalization of the stocks forming part of the PSU Banks sector Universe as on March 31, 2016. Thus the index comprises of the most liquid PSU bank stocks and therefore liquidity issues in the scheme are not envisaged.

Portfolio Turnover

Portfolio Turnover is defined as the aggregate of purchases and sales as a percentage of the corpus during the specified period of time.

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. Kotak PSU Bank ETF is a passively managed exchange traded open-ended index scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Authorised participants and Large Investors. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in Nifty PSU Bank Index

Portfolio Turnover Ratio: 35.24

F. Fundamental attributes

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

1. Type of the scheme: As mentioned under the heading "Type of the Scheme" of Chapter III
2. Investment Objective: As mentioned under the heading "Investment Objective" of Chapter III
3. Investment Pattern: As mentioned under the heading "How will the scheme allocate its assets" of Chapter III
4. Terms of Issue:
 - a. Liquidity provisions such as listing, repurchase, redemption. Investors may refer Chapter IV for detailed information on listing, repurchase and redemption.

- b. Aggregate fees and expenses charged to the scheme. Investors may refer Chapter V on fees and expenses charged to the scheme.
- c. Any safety net or guarantee provided – Not Applicable.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of 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?

The performance of Kotak PSU Bank ETF is benchmarked against the Nifty PSU Bank Index TRI.

The Trustee reserves right to change benchmark in future for measuring performance of the scheme.

H. Who manages the scheme?

Name	Age	Qualification	Business Experience	Schemes Managed
Mr Devender Singhal	43 years	BA(H) Mathematics, PGDM (Finance)	Mr. Devender Singhal has been associated with the Kotak Group since July 2007. He is responsible for the research coverage of FMCG and Automobiles at Kotak AMC since Feb 2009. Devender has also been managing equity funds since 2015 Devender has an overall working experience of 18 years in equity research and fund management. Prior to joining Kotak AMC, Devender worked with the PMS divisions of Kotak, Religare, Karvy and P N Vijay Financial Services.	<ul style="list-style-type: none"> • Kotak India Growth Fund-Series 4 • Kotak Debt Hybrid Fund • Kotak Asset Allocator Fund • Kotak Sensex ETF • Kotak PSU Bank ETF • Kotak Nifty ETF • Kotak Banking ETF • Kotak NV 20 ETF
Mr. Satish Dondapati	41 Years	MBA (Finance)	Mr. Satish Dondapati has over 12 years of experience in ETF. He joined Kotak AMC in March 2008 in Product's	<ul style="list-style-type: none"> • Kotak Nifty ETF • Kotak Banking ETF • Kotak PSU Bank ETF • Kotak SENSEX ETF

			Department. Prior to joining Kotak AMC, he was in the MF Product Team of Centurion Bank of Punjab	<ul style="list-style-type: none"> • Kotak NV20 ETF • Kotak Gold ETF
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The Scheme has been managed by Mr. Devender Singhal and Ms. Satish Dondapati May 09, 2019.

I. What are the investment restrictions?

The following investment limitations and other restrictions, inter-alia, as contained in the Trust Deed and the Regulations apply to the Scheme:

1. The Fund shall buy and sell securities only against deliveries. In no case shall the Fund engage in short selling, carry forward transactions or Badla financing. Provided that the Fund may enter into derivatives transactions for the purpose of hedging and portfolio balancing in accordance with the guidelines issued by SEBI.
2. A scheme may invest in another scheme, under the same AMC or any other mutual fund provided that the aggregate inter-scheme investments made by all schemes under the same AMC or any other mutual fund shall not exceed 5% of the net assets of the Fund or any other limit as prescribed by the Regulations from time to time. The AMC is not permitted by the Regulations to charge any investment management and advisory services fee on such investments.
3. Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, to be read with SEBI circular dated August 16, 2019 and September 20, 2019, as may be amended from time to time.. The AMC shall not charge any investment management and advisory fees for parking of funds in such short term deposits of scheduled commercial banks for the scheme.
4. The Scheme shall not make any investment in:
 - a) any unlisted security of an associate or group company of the Sponsor; or
 - b) any security issued by way of private placement by any associate or group company of the Sponsor; or
 - c) the listed securities of group companies of the Sponsor in excess of 25% of its net assets.
5. The Scheme shall not invest in any Fund of Funds Scheme.
6. The Scheme shall not invest more than 10% of its Net Assets in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25 % of the Net Assets of the scheme. All such investments shall be as per the parameters approved by the Boards of the Trustee and the AMC.
7. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of

the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company

Provided that such limit shall not be applicable for investments in Government securities, treasury bills and Triparty repo(collateralized borrowing and lending obligations):

8. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1 A of Seventh Schedule to the Regulations.

Investments of the Scheme, together with the investments of other schemes of the Fund in share capital of any company shall not exceed 10% of that company's paid-up capital carrying voting rights.

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

10. For the purpose of determining the above limit, gross long position, which will be a combination of positions of the underlying securities and stock derivatives, will be considered.

11. The Scheme shall not invest more than 10% of its Net Assets in the equity or equity related instruments of any company.

Provided that the limit of 10% shall not be applicable for investments in case of index fund

12. All investments by a mutual fund scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed. The mutual fund shall get the securities purchased / transferred in the name of the fund on account of the concerned scheme, where investments are intended to be of long term nature.

13. As per SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2019/011 dated January 10, 2019, in order to address the risk related to portfolio concentration in the Scheme, the underlying index for this scheme shall comply with the following :

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

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

Apart from the above investment restrictions, the Fund follows certain internal norms vis-à-vis limiting exposure to scrips, sectors etc, within the above mentioned restrictions, and these are subject to review from time to time

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

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

J. Additional Scheme Related Disclosures

- a. Aggregate investment in the Scheme of certain categories of persons as on May 31, 2020:

The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

Aggregate Investment by concerned Fund Manager(s) in Kotak Nifty ETF is Nil.
Aggregate Investment by the Kotak AMC'S Board of Directors in Kotak Nifty ETF is Nil.
Aggregate Investment by Key Managerial Person of Kotak AMC in Kotak Nifty ETF is Nil.

- b. Scheme's Portfolio Holdings and Sector wise fund allocation (As on May 31, 2020)–

(1) Top 10 holdings by issuer

Top 10 Holdings Issuer Wise	Percentage to Net Assets
State Bank of India.	26.20
Bank of Baroda	19.02
Canara Bank	12.54
Punjab National Bank	12.46
Bank of India	6.74
Union Bank of India	6.47
Central Bank of India	3.33
Indian Bank	2.90
UCO Bank	2.74
Indian Overseas Bank	2.67

(2) Fund allocation Sector wise

Sector	Percentage to Net Assets
Financial Services	99.98
Net Current Assets	0.02

- c. Website link for Monthly Portfolio Holding:
Please visit [assetmanagement.kotak.com/ forms & essentials/ information/ portfolios](http://assetmanagement.kotak.com/forms&essentials/information/portfolios) to obtain Scheme's latest monthly portfolio holding statement.

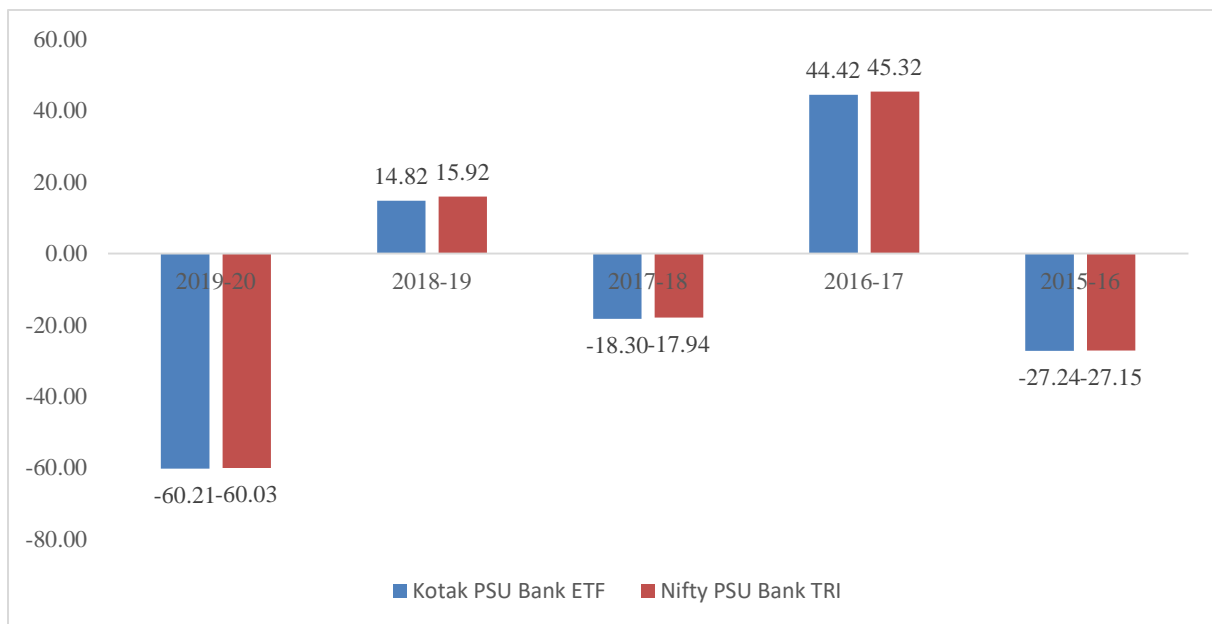
K. How has the scheme performed?

Performance of the scheme as on May 29, 2020

Compounded Annualized Growth Returns (%)	Scheme Returns	Nifty PSU Bank (TRI)
Last 1 Year	-65.39%	-65.21%
Last 3 Years	-31.92%	-31.50%
Last 5 Years	-20.76%	-19.99%
Since Inception	-7.37%	-5.93%

TRI - Total Return Index, In terms of SEBI circular dated January 4, 2018, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index.

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



Past performance may or may not be sustained in future.

IV. UNITS AND OFFER

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

A. Ongoing Offer Details

<p>Ongoing Offer Period</p> <p>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Ongoing Offer of the Scheme commenced from November 16, 2007</p>																				
<p>Ongoing price for subscription (purchase)/switch-in</p> <p>This is the price you need to pay for purchase/switch-in.</p> <p>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be: Rs. $10 * (1+0.02) =$ Rs. 10.20</p>	<p>Purchase by AP during continuous offer: Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants. Authorized Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load, in creation unit size. Every creation unit shall have total monetary value in Rupee terms equivalent to that day's portfolio deposit and cash component.</p> <p>NAV for continuous offer</p> <table border="1" data-bbox="520 1003 1307 1417"> <tr> <td>Value of portfolio deposit (basket of securities) in creation unit size</td> <td>1</td> <td>3,719,967.15</td> </tr> <tr> <td>Price of 1 unit portfolio creation</td> <td>2</td> <td>371.9967</td> </tr> <tr> <td>Cash Component (say)</td> <td>3</td> <td>1,000.00</td> </tr> <tr> <td>Net Assets</td> <td>4=(1+3)</td> <td>3,720,967.15</td> </tr> <tr> <td>No.of units in creation unit</td> <td>5</td> <td>10,000.00</td> </tr> <tr> <td>NAV per unit</td> <td>6=(4/5)</td> <td>372.0967</td> </tr> </table> <p>Note</p> <ol style="list-style-type: none"> In addition to the NAV, any person transacting with the fund will have to reimburse transaction charges - brokerage, STT, NSDL charges etc. Transaction charges payable by the investor is per creation request and will be as determined by the AMC at the time of transaction The above creation unit is for 10,000 units of Kotak PSU Bank ETF which is minimum lots size for creation <p>Purchase from Stock Exchanges: An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock</p>			Value of portfolio deposit (basket of securities) in creation unit size	1	3,719,967.15	Price of 1 unit portfolio creation	2	371.9967	Cash Component (say)	3	1,000.00	Net Assets	4=(1+3)	3,720,967.15	No.of units in creation unit	5	10,000.00	NAV per unit	6=(4/5)	372.0967
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NAV per unit	6=(4/5)	372.0967																			

	<p>exchange. However there would be cost of brokerage and other transactions costs (like STT) payable to broker or sub-broker of the exchange.</p> <p>Switches are not allowed under the scheme</p>
<p>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</p> <p>This is the price you will receive for redemptions/switch outs.</p> <p>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</p>	<p>Authorised Participants and Large Investor can redeem units directly with the fund at Applicable NAV based prices, subject to applicable exit load; if any.</p> <p>There is no exit load. However transaction charges payable to Custodian/Depository Participants, and other incidental charges relating to conversion of units into basket of securities may be deducted from redemption proceeds. The charges will be notified on assetmanagement.kotak.com from time to time.</p> <p>Investors other than AP and LI may redeem units at the listed price plus transaction handling charges on stock exchange.</p> <p>As required under the Regulations, the Fund will ensure that the Redemption Price is not lower than 93% of the NAV and the Purchase Price is not higher than 107% of the NAV, provided that the difference between the Redemption Price and Purchase Price of the Units shall not exceed the permissible limit of 7% of the Purchase Price, as provided for under the Regulations.</p>
<p>Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance</p>	<p>On going purchases directly from the Mutual Fund would be restricted to Authorized Participants. Authorised Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load, in creation unit size. Every creation unit shall have total monetary value in Rupee terms equivalent to that day's portfolio deposit and cash component.</p> <p>For Purchase/ Redemption directly from the fund on any business day:</p> <ul style="list-style-type: none"> ▪ upto 3:00 p.m. on a working day, the NAV of such working day. ▪ After 3:00 p.m. on a working day, the NAV of the following working day.
<p>Where can the applications for purchase/redemption switches be submitted?</p>	<p>Only at the offices of AMC</p> <p>As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form. The Bank Account details as mentioned with the Depository should be mentioned.</p> <p>If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected.</p> <p>Notwithstanding any of the above conditions, any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p>

<p>Who can invest</p> <p>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.</p>	<p>The following are eligible to apply for purchase of the Units:</p> <ul style="list-style-type: none"> • Resident Indian Adult Individuals, either singly or jointly (not exceeding three). • Parents/Lawful guardians on behalf of Minors. • Companies, corporate bodies, registered in India. • Registered Societies and Co-operative Societies authorised to invest in such Units. • Public sector undertakings, public/Statutory corporations subject to general or specific permissions granted to them by the Central/State governments from time to time. • Religious and Charitable Trusts under the provisions of 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962. • Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds. • Partner(s) of Partnership Firms. • Association of Persons or Body of Individuals, whether incorporated or not. • Hindu Undivided Families (HUFs). • Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions. • Non-Resident Indians/Persons of Indian origin resident abroad (NRIs) on full repatriation or non-repatriation basis. • Other Mutual Funds registered with SEBI. • Foreign Portfolio Investors (FPIs) or sub-accounts of FPI's registered with SEBI. • International Multilateral Agencies approved by the Government of India. • Army/Navy/Air Force, Para-Military Units and other eligible institutions. • Scientific and Industrial Research Organizations. • Provident/Pension/Gratuity and such other Funds as and when permitted to invest. • Public Financial Institution as defined under the Companies Act 2013. • Foreign Portfolio Investor • Universities and Educational Institutions. • Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustee, AMC or Sponsor, subscribe to the Units under the Scheme. <p>The list given above is indicative and the applicable law, if any, shall supersede the list.</p> <p>Acceptance of Subscriptions from U.S. Persons and Residents of Canada w.e.f. November 17, 2016 :-</p> <p>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</p>
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	<p>transaction request along with such declarations / documents as may be prescribed by Kotak Mahindra Asset Management Company Ltd and Kotak Mahindra Trustee Company Ltd.</p> <p>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.</p> <p>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.</p> <p>The Trustee/AMC reserves the right to change/modify the provisions mentioned above at a later date.</p>
<p>Minimum amount for purchase/redemption/switches</p>	<ul style="list-style-type: none"> • Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants provided the value of units to be purchased is in creation unit size. Authorised Participants may buy the units on any business day of the scheme directly from the Mutual Fund by paying applicable transaction handling charges and cash component in cash and by depositing basket of securities comprising Nifty PSU Bank Index. Units may be allotted only realization of cheque where the full consideration for creation unit is paid by cheque and at the value at which the underlying stocks for the creation unit is purchased against that purchase request. • The units are listed on NSE to provide liquidity through secondary market. All categories of Investors may purchase the units through secondary market on any trading day. • The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market. <p>Minimum Redemption Amount: All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange.</p> <p>Mutual Fund will repurchase units from Authorised participants on any business day in creation size units. In certain circumstances, the AMC may allow Large investors to sell units in creation unit size directly to the AMC at applicable NAV and other transaction handling charges.</p>
<p>Minimum balance to be maintained and consequences of non-maintenance</p>	<p>Not Applicable</p>
<p>How to Apply</p>	<p>For Authorised Participants & Large Investors</p> <p>Application form and Key Information Memorandum may be obtained from the offices of AMC or Investor Services Centers of the Registrar or distributors or downloaded from assetmanagement.kotak.com.</p>

	<p>Investors are also advised to refer to Statement of Additional Information before submitting the application form.</p> <p>Purchase from Stock Exchanges (applicable for Authorised Participants, Large Investors and other investor)</p> <p>An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However there would be cost of brokerage and other transactions costs (like STT) payable to broker or sub-broker of the exchange.</p> <p>Any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p> <p>All cheques and drafts should be crossed "Account Payee Only" and drawn in favour of “Kotak PSU Bank ETF”.</p> <p>Please refer to the SAI and Application form for the instructions.</p>
<p>Non acceptance of Third Party Cheques</p>	<p>Third Party Cheques will not be accepted by the Scheme.</p> <p>Definition of Third Party Cheques</p> <ul style="list-style-type: none"> • Where payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment. • In case of a payment from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made. If this criterion is not fulfilled, then this is also construed to be a third party payment. <p>However, afore-mentioned clause of investment with Third-Party Payment shall not be applicable for the below mentioned exceptional cases.</p> <ol style="list-style-type: none"> 1. Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor or from a joint account of the minor with the guardian only. 2. Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions. AMC shall exercise extra due diligence in terms of ensuring the authenticity of such arrangements from a fraud prevention and KYC perspectives. 3. Custodian on behalf of an FII or a client. <p>For pre funded instruments such as DD/Pay order it is the onus of the investor to provided adequate supporting documents to prove that such instruments are issued by debiting the first holders account.</p> <p>Kotak Mahindra Asset Management Co. Ltd. / Trustee retains the sole and absolute discretion to reject/ not process application and refund subscription money if the subscription does not comply with the specified provisions of Payment Instruments.</p>

Special Products available	No Special Products available under the scheme
Accounts Statements	<p>The depository participant with whom the unitholder has a depository account will send a statement of transactions in accordance with the byelaws of the depository which will contain the details of transaction of units.</p> <p>Allotment of units and dispatch of Allotment Advice to FIIs will be subject to RBI approval, if required</p> <p>Units allotted under this scheme are transferable subject to the provisions of the Depositories Act, SEBI (Depository and Depository Participant) Regulations, 1996 and other applicable provisions.</p> <p>Note: The fund house may not furnish separate accounts statement to the unitholders since the statement of accounts furnished by depository participant will contain the details of transactions in these units.</p>
Dividend Policy	<p>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</p> <p>Trustees may declare dividend subject to availability and adequacy of distributable surplus. If and when dividends are declared, dividends will be distributed to all unit holders registered on the registers of the depositories on the record date.</p> <p>Investors are requested to note that, where the actual amount of dividend payout is less than Rs. 500/-, then such dividend will be compulsorily reinvested.</p> <p>In case of dynamic lien the dividend may be credited to the financier The requirement of giving notice shall not be applicable for Dividend Option having frequency upto one month.</p>
Redemption	<p>All investors including Authorised Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all trading days of the stock exchange.</p> <p>Mutual Fund will repurchase units from Authorised participants on any business day in creation size units. In certain circumstances, the AMC may allow Large investors to sell units in creation unit size directly to the AMC at applicable NAV and other transaction handling charges.</p> <p>Redemption proceeds in the form of basket of securities included in the Nifty PSU Bank Index in the same proportion will be credited to the designated DP account of the AP/LI. Any fractions in the number of securities transferable to AP/LI will be rounded off to the lower integer and the value of the fractions will be added to the cash component payable. The cash component of the proceeds at the applicable NAV will be paid by way of cheque or direct credit as described in the next paragraph.</p> <p>Payment of proceeds in cash: AMC at its discretion may accept the request of AP/LI for payment of redemption proceeds in cash. If</p>

	<p>accepted, redemption proceeds will be paid by cheques, 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 No., as specified in the Registrar's records, will be mentioned in the cheque, which will be payable at par at all the cities designated by the Fund from time to time. If the Unitholder resides in any other city/town, he will be paid by a Demand Draft payable at the city/town of his residence.</p> <p>Redemption cheques will generally be sent to the Unitholder's address, (or, if there is more than one joint holder, the address of the first-named holder) when the unit balance is confirmed with the records of the depository, not later than 10 (Ten) Working Days from the date of receipt of redemption requests.</p> <p>Redemption proceeds may also be paid to the Unitholder in any other manner like through ECS, direct credit, RTGS, demand draft, etc as the AMC may decide, from time to time, for the smooth and the efficient functioning of the Scheme.</p> <p>Note: The mutual fund will rely on the address and the bank account details recorded in the depository system. Any changes to the address and bank account details can be made only through the depository system.</p>
<p>Redemption by NRIs/FPIs</p>	<p>Credit balances in the account of a NRIs/FPIs unit holder may be redeemed by such unit holder subject to any procedures laid down by the RBI.</p> <p>Payment to NRI/FPI unit holder will be subject to the relevant laws/guidelines of RBI as are applicable from time to time (subject to deduction of tax at source as applicable).</p> <p>The Fund will not be liable for any delays or for any loss on account of exchange fluctuations while converting the rupee amount in US Dollar or any other currency.</p> <p>Note: The mutual fund will rely on the NRI status and his account details as recorded in the depository system. Any changes to the same can be made only through the depository system.</p>
<p>Delay in payment of redemption / repurchase / dividend proceeds</p>	<p>The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).</p>
<p>Unclaimed Redemption/Dividend Amount</p>	<p>In accordance with No SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016, the unclaimed Redemption amount and Dividend amount may be deployed by the Mutual Fund in call money market or money market Instruments as well as in a separate plan or liquid scheme/money market mutual fund scheme floated by mutual funds. Investors who claim these amounts during a period of three years from the due date shall be paid initial unclaimed amount along with the income earned on its deployment. Investors who claim these amount after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the</p>

	<p>third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. AMC shall play a proactive role in tracing the rightful owner of the unclaimed amounts considering the steps suggested by regulator vide the referred circular. Further, AMC shall not charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped at 50 bps.</p>
Bank A/c Details	<p>As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form.</p> <p>The Bank Account details as mentioned with the Depository should be mentioned</p>
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	Not Applicable
Restrictions, if any, on the right to freely retain or dispose of units being offered.	Units which are held in demat form shall be freely transferable under the depository system.
Listing	<p>The units of the Scheme are listed on NSE on allotment under intimation to SEBI. It may also list on any other exchanges subsequently.</p> <p>AMC has engaged AP for creating liquidity for ETFs in the stock exchange so that retail investors (investors other than AP and Large Investors) are able to buy or redeem units on the stock exchange using the services of a stockbroker.</p>
Transaction Charges	<p>Pursuant to SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, transaction charge per subscription of Rs. 10,000/- and above be allowed to be paid to the distributors of the Kotak Mahindra Mutual Fund products. The transaction charge shall be subject to the following:</p> <p>(a) For existing investors (across mutual funds), the distributor shall be paid Rs. 100/- as transaction charge per subscription of Rs.10,000/- & above.</p> <p>(b) For first time investors, (across Mutual Funds), the distributor may be paid Rs. 150/- as transaction charge for subscription of Rs.10,000/- & above.</p> <p>(c) The transaction charge shall be deducted by Kotak AMC from the subscription amount & paid to the distributor (will be subject to statutory levies, as applicable) & the balance amount shall be invested.</p> <p>(d) In case of Systematic Investment Plan(s), the transaction charge</p>

	<p>shall be applicable only if the total commitment through SIPs amounts to Rs.10,000/- & above. In such cases the transaction charge shall be recovered in first 3/4 successful installments.</p> <p>Identification of investors as "first time" or "existing" will be based on Permanent Account Number (PAN) at the First/ Sole Applicant/ Guardian level. Hence, Unit holders are urged to ensure that their PAN / KYC is updated with the Fund. Unit holders may approach any of the Official Points of Acceptances of the Fund i.e. Investor Service Centres (ISCs) of the Fund/ offices of our Registrar and Transfer Agent, M/s. Computer Age Management Services Pvt. Ltd in this regard.</p> <p>The statement of accounts shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.</p> <p>Transaction charges shall not be deducted/applicable for:</p> <ol style="list-style-type: none"> (1) Transaction other than purchases/subscriptions such as Switch/Systematic Transfer Plan (STP)/ Dividend Transfer Plan (DTP),etc.; (2) Purchases/Subscriptions made directly with the Fund without any ARN code. (3) Transactions carried out through the stock exchange platforms. <p>In accordance with the SEBI circular no. SEBI/IMD/CIR No. 4/ 168230/09, dated June 30, 2009, commission in the aforesaid circular to distributors shall be paid by the investor directly to the distributor by a separate cheque based on his assessment of various factors including the service rendered by the distributor. Further as per circular dated September 13, 2012, distributors shall now have the option to either opt in or opt out of charging transaction charge based on the type of product.</p>
<p>MF utility services for Investors</p>	<p>Kotak Mahindra Asset Management Company Ltd ("the AMC") has entered into an Agreement with MF Utilities India Private Limited ("MFUI"), a "Category II – Registrar to an Issue" under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility ("MFU") - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.</p> <p>Accordingly, all financial and non-financial transactions pertaining to Schemes of Kotak Mahindra Mutual Fund can be done through MFU either electronically on www.mfuonline.com as and when such a facility is made available by MFUI or physically through the authorized Points of Service ("POS") of MFUI with effect from the respective dates as published on MFUI website against the POS locations. The list of POS of MFUI is published on the website of MFUI at www.mfuindia.com as may be updated from time to time. The Online Transaction Portal of MFU i.e. www.mfuonline.com and the POS locations of MFUI will be in addition to the existing Official Points of Acceptance ("OPA") of the AMC.</p>

	<p>The uniform cut-off time as prescribed by SEBI and as mentioned in the SID / KIM of respective schemes shall be applicable for applications received on the portal of MFUI i.e. www.mfuonline.com. However, investors should note that transactions on the MFUI portal shall be subject to the eligibility of the investors, any terms & conditions as stipulated by MFUI / Mutual Fund / the AMC from time to time and any law for the time being in force.</p> <p>Investors are requested to note that, MFUI will allot a Common Account Number (“CAN”), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU. Investors are requested to visit the websites of MFUI or the AMC to download the relevant forms</p>
Central KYC (CKYC)	<p>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.</p> <p>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.</p> <ol style="list-style-type: none"> 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. <p>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.</p>
Foreign Account Tax Compliance	<p>FATCA is an acronym for Foreign Account Tax Compliance Act (“FATCA”), a United States Federal law to increase compliance by US taxpayers and is intended to bolster efforts to prevent tax evasion by the US taxpayers with offshore investments. The Government of India and the United States of America (US) have reached an agreement in</p>

	<p>substance on the terms of an Inter- Governmental Agreement (IGA) and India is now treated as having an IGA in effect from April 11, 2014. The AMC/Fund is classified as a ‘Foreign Financial Institution’ (Investment Entity as per Annexure 1(i)) under the FATCA provisions. In accordance with FATCA provisions, the AMC/Mutual Fund will be required to undertake due diligence process and identify US reportable accounts and collect such information/documentary evidences of the US and/or non-US status of its investors/Unit holders and disclose such information (through its agents or service providers) as far as may be legally permitted about the holdings, investment returns and/or to US Internal Revenue Service (IRS) or the Indian Tax Authorities, as the case may be for the purpose of onward transmission to the IRS pursuant to the new reporting regime under FATCA.</p>
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B. Periodic Disclosures

<p>Net Asset Value</p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The Kotak PSU Bank ETF units are listed on NSE and all purchase and sale of units by investors other than Authorised Participants and Large Investors can be done on the stock exchange. The NAV has a reference value for investors and will be useful for Authorised Participants for offering quotes on the Stock Exchange.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The AMC may also calculate intra-day indicative NAV and publish the same on its website assetmanagement.kotak.com Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</p>
<p>Half yearly Disclosures: Portfolio / Financial Results</p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is</p>	<p>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</p>

also stated in portfolio disclosures.	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.															
Half Yearly Results	<p>The soft copy of unaudited financial results shall within one month from the close of each half year i.e. 31st of March and the 30th of September, be hosted on the website assetmanagement.kotak.com and will be sent to AMFI for posting on its website www.amfiindia.com .</p> <p>Also an advertisement of hosting of the unaudited results shall be published in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.</p>															
Annual Report	<p>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.</p>															
Associate Transactions	Please refer to Statement of Additional Information (SAI).															
<p>Taxation: The information is provided for general information purposes only. However, in view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with</p>	<p>TDS and Taxability applicable in case of Dividend distributed to Unit holders</p> <table border="1" data-bbox="496 1711 1315 1868"> <thead> <tr> <th></th> <th colspan="3">TDS Rates</th> <th>Taxability</th> </tr> <tr> <th></th> <th>Threshold limit</th> <th>Section</th> <th>Base Rate</th> <th>Base rate</th> </tr> </thead> <tbody> <tr> <td colspan="5">RESIDENT</td> </tr> </tbody> </table>		TDS Rates			Taxability		Threshold limit	Section	Base Rate	Base rate	RESIDENT				
	TDS Rates			Taxability												
	Threshold limit	Section	Base Rate	Base rate												
RESIDENT																

respect to the specific tax implications arising out of his or her participation in the scheme.	Resident Unit Holder	Rs.5,000	194K	10%	Slab rates plus applicable surcharge and cess (Refer Note 1)
	NON-RESIDENT UNIT HOLDERS (subject to DTAA benefits)				
	(1) FII/FPI	NILs	196D r.w.s 115AD(1)(a)(i)	20% plus applicable surcharge and cess (Refer note 1)	20% plus applicable surcharge and cess (Refer Note 1)
	(2) Foreign company/corporates				
	Purchase in Indian Rupees	NIL	196A	20% plus applicable surcharge and cess (Refer note 1)	40% plus applicable surcharge and cess (Refer Note 1)
	Purchase in Foreign Currency	NIL	196A r.w.s 115A	20% plus applicable surcharge and cess (Refer note 1)	20% plus applicable surcharge and cess (Refer Note 1)
	(3) Others				

Purchase in Indian Rupees	NIL	196A	20% plus applicable surcharge and cess (Refer note 1)	At slab rates applicable plus applicable surcharge and cess (Refer Note 1)
Purchase in Foreign Currency	NIL	196A r.w.s 115A	20% plus applicable surcharge and cess (Refer note 1)	20% plus applicable surcharge and cess (Refer Note 1)

Taxability applicable in case of Capital Gains to Unit holders w.e.f 1st April 2020

Unit Holders		
Taxation	Resident	Non resident (Including FPI)
Short Term Capital Gain	15% plus applicable surcharge & HE cess (Refer note 1)	15% plus applicable surcharge & HE cess (Refer note 1)
Long Term Capital Gain (Refer note 2 below)	10% without indexation benefit and without foreign currency conversion benefit plus applicable surcharge & HE cess (Refer note 1)	10% (without indexation & without foreign currency fluctuation benefit) plus applicable surcharge & HE cess (Refer note 1)

Note (1) : The above rates would be increase by surcharge of:

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

In case of resident and non-resident non-corporate unit holders being individual, HUF, AOP, BOI and artificial juridical person;

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

Further, an additional cess of 4% (Health & education Cess on income-tax) would be charged on the amount of tax inclusive of surcharge as applicable, for all unit holders.

Further, the rates stated above for Non-residents are further subject to DTAA benefits, if applicable.

Note 2): **Long term capital gain**:- Any transfer of *equity oriented fund units* (refer Note 3) on or after 1 April 2018, shall not be exempt under section 10(38).

Long term capital gains in excess of Rs. 1 lakh shall be taxable @ 10% plus surcharge (as per note 1) plus health & education cess @ 4%.

The capital gain will be computed without giving effect to the 1st and 2nd proviso to section 48 in the manner laid down under the section i.e. without indexation benefit and without foreign currency conversion benefit

Cost for units acquired prior to 1 Feb 2018 and sold on or after 1 April 2018

	<p>will be computed as under: Higher of: a) Cost of acquisition or Lower of: b) FMV of asset on 31 Jan 2018 c) Full value of consideration accruing as a result of transfer</p> <p>Note 3) equity oriented fund" means a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and,— (i) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange,— (A) a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and (B) such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and (ii) in any other case, a minimum of sixty-five per cent of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange: Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;</p> <p>Note 4) Under section 10(23D) of the Income tax Act, 1961, income earned by a Mutual Fund registered with SEBI is exempt from income tax. Note 5) Since, the scheme in this SID, qualify as an equity oriented fund, Securities Transaction tax is payable by the unit holders on redemption / repurchase of units by the Fund at 0.001% of sale/redemption value. The STT is payable by the seller and is not deductible while computing Capital gains income. For further details on taxation please refer to the clause on taxation in the SAI.</p>
Investor services	<p>Ms. Sushma Mata Kotak Mahindra Asset Management Company Limited 6th Floor, Kotak Towers, Building No.21, Infinity Park, Off: Western Express Highway Goregaon - Mulund Link Road, Malad (East), Mumbai 400097 Phone Number: 66056765 Fax: 6708 2213 e-mail: mutual@kotak.com</p>

C. Computation of NAV

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

The Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

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

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

NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Business Day. The NAV shall be computed upto four decimals. The NAV of Direct Plan will be different than the NAV of Regular Plan.

The AMC may also calculate intra-day indicative NAV and publish the same on its website assetmanagement.kotak.com. Intra-day NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.

V. FEES AND EXPENSES

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

A. New Fund Offer (NFO) Expenses

This is an ongoing scheme on the date of updating this document

B. 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 scheme's 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.

The total expense ratio of the scheme including the investment and advisory fees shall not exceed 1.00 per cent of the daily net assets.

Total Expense Ratio for the schemes

The AMC has estimated following recurring expenses, as summarized in the below table for the scheme. Total expense ratio of the 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
Investment Management and Advisory Fees	Upto 1.00%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements 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 and 5 bps for cash and derivative market trades resp.	
Goods and Services tax on expenses other than investment and advisory fees	
Goods and Services tax on brokerage and transaction cost	
Other Expenses	
Maximum total expense ratio (TER) permissible under Regulation 52 (6)(c) (i) and (6) (a)	Upto 1.00%
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

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>

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

Particulars	NAV p.u. in Rs.	%
Subscription received on March 31, 2017 (A)	100.00	-
Value of Subscribed Amount before expenses as on March 31, 2018 (B)	112.25	-
Expense charged by the scheme (C)	1.00	1.00%
Value of Subscribed Amount as on March 31, 2018 (Net of expenses charged) (D)	110.00	-
Net Return to investors (E) (E=D-A)	10	10%

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

In terms of the 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.

Additional expenses which may be charged to the Schemes:

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

- Brokerage and transaction costs (including Goods and 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 and 0.05 per cent in case of derivatives transactions. Any payment towards brokerage and transaction cost, over and above the said 12 bps and 5bps for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52. 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 utilized for distribution expenses incurred for bringing inflows from such cities.

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

Provided further that the additional TER can be charged based on inflows only from 'retail investors' (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:

Daily net assets X 30 basis points X New inflows from individual investors from beyond top 30 cities

365* X Higher of (i) or (ii) above

* 366, wherever applicable.

- Additional expenses upto 0.05% of daily net assets of the schemes, incurred towards different heads mentioned under Regulation 52 (2) and 52 (4).

Goods and Services tax:

Goods and Services tax on investment and advisory fees may be charged to the scheme in addition to the maximum limit of TER as prescribed in Regulation 52(6)(c). 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 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.

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

C. Load structure

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor 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, please refer to the website of mutualfund.kotak.com or may call at 1800-22-2626 or your distributor.

Entry Load: Nil

In terms of SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The commission as specified in aforesaid circular, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.

Exit Load: Nil

Any exit load charged (net off Goods and Services tax, if any) shall be credited back to the Scheme.

Units issued on reinvestment of dividends shall not be subject to entry and exit load.

The Trustee reserves the right to change the load structure of the Scheme on a prospective basis. Should the Trustee, on any date, decide to change the load structure, it will be on a prospective basis and investments made by Unitholders prior to such date will continue to attract the loads applicable prior to such change.

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

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

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

Any imposition or enhancement in load shall be applicable on a prospective basis. The addendum detailing the changes may be attached to Scheme Information Documents 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. Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office. 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. 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. In case of changes in load structure the addendum carrying the latest applicable load structure shall be attached to SID already in stock till it is updated.

VI. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

VII. 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

SEBI Requirements	Response
<p>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 Trustees /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.</p>	<ul style="list-style-type: none"> • During the financial year 2013-14, RBI has imposed a penalty of Rs 3.50 lacs for bouncing of SGL deal in Kotak Bond and Kotak Gilt Investment scheme. The same has been borne by KMAMC. The amount of penalty has been paid on November 12, 2013. • RBI has imposed a penalty of Rs. 15 lakhs in April 2011, in respect of foreign exchange derivative transactions done by KMBL with certain corporate during the period 2007-08. The amount of penalty has been paid on May 5, 2011. • RBI on the basis of the scrutiny carried out, had levied a penalty on KMBL a sum of Rs. 1.501 crores on account of non-adherence to certain aspects of KYC and AML guidelines. KMBL has taken necessary corrective steps in this respect. The amount of penalty has been paid July 25, 2013. • RBI has imposed a penalty of Rs. 10 lakh on Kotak Bank in July 2014 in the matter of loan and current accounts scrutiny of Deccan Chronicle Holding Ltd. The amount of penalty has been paid on August 5, 2014. • There was an instance of bouncing of SGL on April 13, 2016 for Rs. 9141.25 lacs due to non-updating of security sold in CROMS system. Bank had explained to RBI the circumstances leading to the shortfall. RBI, after perusing the explanation given by the Bank imposed a penalty of Rs.5 lacs on KMBL vide its letter dated May 12, 2016 • In a solitary case Bank had obtained RBI approval for netting off transactions relating import/export of services and settle the net amount of the receivables/payables with the overseas counterparty on behalf of the client subject to adhering to certain terms and conditions as prescribed which inter-alia included a condition that the Bank as an AD should report the transactions on gross basis in R Returns. The Bank had adhered to all conditions of the approval except that the reporting of the transaction was inadvertently done on net basis instead of gross basis. The said deviation was a pure operational error RBI vide its letter dated April 13, 2017 imposed a penalty of Rs.10000/- on Kotak Mahindra Bank in exercise of powers conferred under Section 11 (3) of FEMA 1999. Post identification of the issue Bank has put in adequate control measures to ensure that such instances do not recur in future.

	<ul style="list-style-type: none"> • IRDA penalised Kotak Bank for Rs. 1 lakh in the case of payments made by Exide to eIVBL in the financial year 2013-14. IRDA had noted that EXIDE life insurance company had paid infrastructure facility charges to the eIVBL during 2013-14 and IRDA found that it is in violation of clause 21 of Guidelines on Licensing of Corporate Agents (dated 14.7.2015) and Sec 40 of Insurance Act 1938 as the amount paid had exceeded the limit of expenditure on commission stipulated under Sec 40 A of the Insurance Act. • RBI had imposed a penalty of Rs.20 lakhs on Kotak Mahindra Bank Ltd – for KYC deficiencies found in opening ONE savings account opened in the year 2010. This was a case of failure of the personnel in meeting the customer before opening the account. As per the Bank’s processes it is mandatory to meet the customer before on-boarding the customer. However, in respect of the cited case, branch personnel had visited the house of the customer but did not meet the customer. However they had certified that they met the customer. Action has already been taken on the errant employee and the process has been reiterated for stricter compliance. • RBI imposed a penalty of Rs. 40,000 during 2019-20 for not exchanging soiled mutilated notes by two branches observed during in-cognito visit.
<p>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 Trustees /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</p>	<p>Kotak Mahindra Trustee Company Limited (Trustee Company) had been served a Show Cause Notice on July 26, 2018 vide letter No. EAD/SS-SKS/OW/20656/1/2018 dated July 23, 2018 and letter No. EAD/SS-SKS/OW/20656/2/2018 dated July 23, 2018, respectively, by the Securities and Exchange Board of India (SEBI), mentioning Adjudication proceedings in respect of the possible violation of the following provisions of law:</p> <p>Not putting in place proper systems relating to parking of funds in short-term deposits of schedule commercial banks. Maintaining invalid email IDs of investors. Using previous day’s NAV for calculation of cash component in case of redemption in ‘cash’ for Kotak Gold ETF.</p> <p>Kotak Mahindra Asset Management Company Ltd and Kotak Mahindra Trustee Company Ltd had presented the facts of the each case as reply to the aforesaid show cause notice with a request of personal hearing.</p> <p>Subsequent to Personal hearing, the Adjudicating Officer of SEBI, vide its order no. EAD-2/SS/SK/2018-19/1408-1409 dated October 12, 2018, disposed off the aforesaid show cause notice and stated that the case does not deserve imposition of any monetary penalty.</p>

Further in this regard, AMC and Trustee Company have been served a Show Cause Notice no. EFD/DRA4/OW/AS/31206/1/2018 and EFD/DRA4/OW/AS/31206/2/2018 dated November 12 2018, respectively to show cause as to why penalty should not be imposed upon the entities involved under the relevant provisions of SEBI Act, 1992 with reference to the above mentioned alleged violations. AMC and Trustee Company had filed the detailed response to SEBI in this regard.

Subsequently, SEBI vide its order no. WTM/AB/EFD-1/DRA-4/08/2019-20 dated May 31, 2019, disposed off the show cause notices dated November 12 2018.

Kotak Mahindra Asset Management Company Limited (AMC) has been served a Show Cause Notice (SCN) by SEBI, vide its letter No. SEBI/HO/IMD/DF2/OW/P/2019/11854/1 dated May 10, 2019, and Supplementary Show Cause Notice vide SEBI's letter No. SEBI/HO/IMD/DF2/OW/P/2019/014772/1 dated June 12, 2019, issued under Section 11(1), 11B and 11B(2) of Securities and Exchange Board of India Act, 1992 read with provisions of SEBI (Mutual Fund) Regulations, 1996, in the matter of Kotak Mahindra Asset Management Co. Ltd. The alleged charge is, that on maturity date of Kotak FMP Series 127 and 183, close ended debt schemes, investors were not paid full proceeds on the declared NAV due to pending recovery of dues from Essel Group of Companies.

The AMC vide its letter dated August 29, 2019, had filed its reply to the aforesaid show cause notice and supplementary show cause notice.

A personal hearing on the matter was held on October 16, 2019 before Hon'ble Whole Time Member-SEBI. AMC had also filed its written submission with SEBI post hearing. Order from SEBI is awaited.

Further, Kotak Mahindra Trustee Company Limited (Trustee Company) and few officials of Kotak Mahindra Asset Management Company Limited, had been served a Show Cause Notice by SEBI on the aforesaid matter, vide its Letter no. EAD/EAD5/MC/CB/2019/13787/4 dated May 31, 2019 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, Section 15I, Section 15D and Section 15HB of Securities and Exchange Board of India Act, 1992 read with provisions of SEBI (Mutual Fund) Regulations, 1996, in the matter of Kotak Mahindra Mutual Fund.

The reply of the letter dated May 31, 2019, was filed with SEBI by Trustees on October 14, 2019, and by required officials of AMC on October 23, 2019.

	<p>The Hearing for letter dated May 31, 2019 was held on November 19, 2019 before Adjudicating Officer of SEBI. Order from SEBI is awaited in this regard.</p> <p>In early September 2019, part payment of the pending dues, was also paid to all unitholders of the respective schemes. On September 25, 2019, balance payment along with accrued interest was paid off to the unitholders of the respective schemes.</p>
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 Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party	NIL
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 SID, or which has been notified by any other regulatory agency	NIL

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

Note: The Scheme under this Scheme Information Document was approved by the Trustee at their meeting held on April 27, 2007. The Trustees have ensured that Kotak PSU Bank ETF Fund approved by them is a new product offered by Kotak Mahindra Mutual Fund and is not a minor modification of any existing scheme/fund/product.

