

ESCORTS MUTUAL FUND

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ADDENDUM – II/2010

Applicable to following schemes :

Escorts Income Bond, an open ended income scheme has the investment objective to generate current income by investing predominantly in a well-diversified portfolio of Fixed Income securities with moderate risk levels.

Escorts Income Plan, an open ended scheme, with the investment objective to generate current income by investing predominantly in a well-diversified portfolio of Fixed Income securities with moderate risk levels, has been performing consistently well.

Escorts Tax Plan, an open-ended Equity Linked Savings Scheme, with the investment objective to generate capital appreciation by investing predominantly in a well-diversified portfolio of Equity Shares with growth potential, has been performing considerably well.

Escorts Opportunities Fund, an open ended Scheme has the investment objective to generate long term capital appreciation by predominantly moving investments in a portfolio of equity and equity related securities amongst different sectors, present or future, expected to show high earnings such as Technology Sector, Media Sector, Entertainment Sector, Communications Sector, FMCG Sector, Pharmaceuticals Sector, Cyclical Sector, Real Estate Sector, Space Sector, Cybercity Sector etc.

Escorts Balanced Fund, an open-ended scheme, has the investment objective to generate long term capital appreciation and current income from a portfolio of equity & fixed-income securities.

Escorts Growth Plan, an open-ended growth scheme, has the investment objective to generate capital appreciation by investing predominantly in a well-diversified portfolio of Equity Shares with growth potential.

Escorts Gilt Plan, an open-ended income scheme, has the investment objective to generate of income and capital appreciation through investments in government securities market. The aim is to generate returns commensurate with minimal credit by investing in securities created and issued by the Central Government and / or a State Government and / or repos / reverse repos in such government securities as may be permitted by RBI.

Escorts High Yield Equity Plan, an open-ended growth scheme, has the investment objective to generate income by investing predominantly in well diversified portfolio of equity stocks providing high dividend yield but at the same time capture long term capital appreciation as and when the opportunity arises. This long term style of investment tries to locate, in a disciplined manner, shares, which for a variety of reasons are selling at prices which are substantially lower than the company's actual business value or future earnings potential, and are also yielding a higher than normal dividend yield. These companies would be backed by stable earnings in the past while offering fair growth potential in the future.

Escorts Leading Sectors Fund, an open-ended growth scheme, has the investment objective to provide capital appreciation or income distribution by investing in companies from Leading Sectors, depending upon their growth prospects and sustainability of future earnings growth.

Escorts Power & Energy Fund, an open-ended growth scheme, has the investment objective to provide income distribution and / or medium to long-term capital gains by investing predominantly in equity/equity related instruments of the companies in the Power/ Energy Sector and /or Debt/Money Market Instruments.

SYSTEMATIC TRANSFER PLAN (STP) FACILITY

With effect from 05.07.2010

Fixed Systematic Transfer Plan (FSTP)

Monthly	FSTP (Min Rs. 1000, Min. 06 Installments)
Quarterly	FSTP (Min. Rs. 1500, Min. 04 Installment)
Date of FSTP	1 st , 10 th or 25 th of the month
Min. Folio Balance	12000/-

Capital Appreciation Systematic Transfer Plan (CASTP)

Monthly	CASTP (Min Rs. 1000, Min. 06 Installments)
Quarterly	CASTP (Min. Rs. 1500, Min. 04 Installment)
Date of CASTP	1 st , 10 th or 25 th of the month
Min. Folio Balance	12000/-

Guidelines

1. STP is a facility wherein unit holder(s) of designated open-ended scheme(s) of Escorts Mutual Fund can opt to transfer a fixed amount or capital appreciation amount at regular intervals to designated open-ended schemes) of Escorts Mutual Fund. Currently, the schemes eligible for this facility are as follows:
Escorts Growth Fund (EGP), Escorts High Yield Equity Plan (EHYEP), Escorts Leading Sectors Fund (ELSF), Escorts Power & Energy Fund (EPEF), Escorts Tax Plan (ETP*), Escorts Balanced Fund (EBF), Escorts Opportunities Fund (EOF), Escorts Gilt Plan (EGilt), Escorts Income Plan (EIP), Escorts Income Bond (EIB), Escorts Liquid Plan (ELP), Escorts Floating Rate Fund (EFRF)
* = An open-ended equity linked savings schemes with a lock-in period of 3 years. These schemes shall not be eligible for Capital Appreciation Systematic Transfer Plan (CASTP).

The above list is subject to change from time to time. Please contact the nearest Investor Service Centre (ISC) of Escorts Mutual Fund for updated list.

2. The STP Enrolment Form should be completed in English and in Block Letters only. Please tick () in the appropriate box (), where boxes have been provided.
3. A single STP Enrolment Form can be filled for one Scheme/ Plan/ Option only.
4. Investors are advised to read the Scheme Information Document(s) and Statement of Additional Information of the Transferee Scheme(s) carefully before investing. The Scheme Information Document(s) and Statement of Additional Information/ Key Information Memorandum(s) of the respective Scheme(s) and Statement of Additional Information are available with the ISCs of Escorts Mutual Fund, brokers/distributors and also displayed at the Escorts Mutual Fund website i.e. www.escortsmutual.com. Unitholders' name should match with the details in the existing folio number, failing which the application is liable to be rejected.

5. Unit holders should note that unit holders' details and mode of holding (single, jointly, anyone or survivor) in the Transferee Scheme will be as per the existing folio number of the Transferor Scheme, Units will be allotted under the same folio number.
6. STP offers unit holders the following two Plans:
 - i. Fixed Systematic Transfer Plan (FSTP)
 - ii. Capital Appreciation Systematic Transfer Plan (CASTP)

FSTP offers transfer facility at daily, weekly, monthly and quarterly intervals and CASTP offers transfer facility at monthly and quarterly intervals. Unit holder is free to opt for any of the Plans and also choose the frequency of such transfers.

7. a. Under the FSTP - Monthly Interval, unit holders will be eligible to transfer a fixed amount (minimum Rs. 1,000 and in multiples of Re. 1 thereafter for schemes other than Escorts Tax Plan* and minimum Rs. 500 and in multiples of Re. 1 thereafter for Escorts Tax Plan *) on the 1st, 10th or 25th of each month.
- b. Under the FSTP - Quarterly Interval, unit holders will be eligible to transfer a fixed amount (minimum Rs. 1500 on the 1st, 10th or 25th of the first month of each quarter. The beginning of the quarter could be of any month e.g. March, August, September, December, etc.

In case there is no minimum amount (as specified above under each Option) available in the unit holder's account, the residual amount will be transferred to the Transferee Scheme and account closed. If STP date is a non-Business Day, then the next Business Day shall be the STP Date and the same will be considered for the purpose of determining the applicability of NAV.

Unit holders should be aware that if they decide to take up this facility, there is possibility of erosion of capital e.g. If the unit holder decides to withdraw Rs. 1,500 every quarter and the appreciation is Rs. 1,000, then such redemption proceeds will comprise of Rs 1,000 from the capital appreciation and Rs. 500 from the unit holder's capital amount.

8. Under the CASTP- Monthly Interval, unit holders will be eligible to transfer the entire capital appreciation amount (minimum Rs.1000) by way of capital appreciation on the 1st, 10th or 25th of each month. Under the CASTP-Quarterly Interval, unit holders will be eligible to transfer the entire capital appreciation amount (minimum Rs. 1,000) by way of capital appreciation on the 1st, 10th or 25th of the first month of each quarter. The beginning of the quarter could be of any month e.g. March, August, September, December, etc. Please note that no transfers will take place if there is no minimum capital appreciation amount (except for last transfer leading to closure of account). The capital appreciation, if any, will be calculated from the enrolment date of the CASTP under the folio, till the first transfer date. Subsequent capital appreciation, if any, will be the capital appreciation between the previous CASTP date (where redemption has been processed and paid) and the next CASTP date e.g. if the appreciation is Rs. 1,500 in the first quarter and Rs 1,000 in the second quarter, the unit holder will receive only the appreciation i.e. Rs. 1,500 in the first quarter and Rs. 1,000 in the second quarter.

9. a. The minimum number of installments under Monthly (FSTP/CASTP) should be 6 (Six). The minimum number of installment for Quarterly (FSTP/CASTP) should be 4 (Four). Further the minimum amount in unit holder's account at the time of enrolment for STP should be Rs. 12000/-.

- b. The application for enrollment for FSTP – Monthly & Quarterly Interval and CASTP - Monthly & Quarterly Interval should be submitted at least 10 Days before the commencement date of the same.
However, there should be a maximum gap of 30 days between the submissions of a valid STP request and commencement date of the same.
 - c. There will be no maximum duration for STP enrolment.
 - d. Capital Appreciation Systematic Transfer Plan (CASTP) will be restricted to single enrolment per ‘transferor scheme’ per folio.
10. In respect of STP enrollments made in the abovementioned Scheme(s), the Load Structure prevalent at the time of enrollment shall govern the investors during the tenure of the STP.

Load structure for investments through STP to the Schemes eligible for this facility:

- Exit Load of the Transferor Scheme(s):

The amount transferred under the STP from the Transferor Scheme to the Transferee Scheme shall be affected by redeeming units of Transferor Scheme at applicable NAV, after payment of any Exit Load, if any, and subscribing to the units of the Transferee Scheme at Applicable NAV.

- Exit Load of the Transferee Scheme(s):

Applicable Exit Load, if any, in the Transferee Scheme / Plan / Option as on the date of enrollment will also be levied. For Scheme load structure please refer to Key Information Memorandum or contact the nearest Investor Service Centre (ISC) of Escorts Mutual Fund or visit our website www.escortsmutual.com.

11. STP will be automatically terminated if all units are liquidated or withdrawn from the Transferor Scheme or pledged or upon receipt of intimation of death of the unit holder.
12. The provision of ‘Minimum Redemption Amount’ as specified in the Scheme Information Document(s) of the respective designated Transferor Schemes and ‘Minimum Application Amount’ specified in the offer document(s) of the respective designated Transferee Schemes will not be applicable for STP.
13. An Account Statement will be issued by mail or by email (if opted by the unit holder) to the unit holder within 10 working days for the first investment through STP. The subsequent account statement will be dispatched once every quarter ending March, June, September and December within 10 working days of the end of respective quarter. In case of specific request received from investors, Mutual Fund will provide the account statement to the investors within 5 working days from the receipt of such request without any charges.
14. Unit holders will have the right to discontinue the STP facility at any time by sending a written request to the ISC. Notice of such discontinuance should be received at least 10 days prior to the due date of the next transfer date. On receipt of such request, the STP facility will be terminated.
15. The AMC/ Trustee reserve the right to change/modify the terms and conditions of the STP.

All other terms and conditions of the schemes will remain unchanged.

This addendum forms an integral part of the Scheme Information Documents of schemes of Escorts Mutual Fund as amended from time to time.

Addendum dated 28.06.2010

Statutory Details : Escorts Mutual Fund has been constituted as a Trust under the Indian Trust Act, 1882 with Escorts Finance Ltd. As its sponsor/settlor and Escorts Investment Trust Ltd. As its sole Trustee. Escorts Asset Management Ltd. has been incorporated under the provisions of the companies Act, 1956 and has been appointed as the investment manager of Escorts Mutual Fund. **Risk Factors : All Mutual Fund and securities investments are subject to market risks and there is no assurance and no guarantee that the Fund's objectives will be achieved. All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending on the factors and forces affecting the securities markets** such as price and volume volatility in stock markets, interest rates, currency exchange rates, change in Government Policies, taxation, political or economic development and closure of stock exchanges, liquidity and settlement systems in equity and debt markets. Past performance of the Sponsor / Asset Management Company / Mutual Fund does not guarantee the future performance of the schemes of the Mutual Fund. Escorts Income Bond, Escorts Income Plan, Escorts Tax Plan, Escorts Opportunities Fund, Escorts Gilt Plan, Escorts Growth Plan, Escorts Balanced Fund, Escorts High Yield Equity Plan, Escorts Leading Sectors Fund and Escorts Power & Energy Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Scheme or its future prospects and returns. Please read the Scheme Information Documents before investing.

