

ESCORTS MUTUAL FUND

11, Scindia House, Connaught Circus, New Delhi – 110 001.
Tel : (011) 43587415, 43587420, 43587423 Fax : (91) 11 43587432
Website : www.escortsmutual.com E-mail : help@escortsmutual.com

ADDENDUM – III/2012

Applicable to following scheme :

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 Liquid Plan, an open-ended liquid scheme, has the investment objective to provide income and liquidity consistent with the prudent risk from a portfolio comprising of money market and debt instruments. This income may be complemented by possible capital appreciation. The aim is to optimize returns while providing liquidity.

Escorts Short Term Debt Fund, an open-ended income scheme, has the investment objective to generate regular income through investment in a portfolio comprising substantially of Floating Rate Debt Securities (including floating rate securitised debt, Money Market Instruments and Fixed Rate Debt Instruments swapped for floating rate returns). The scheme shall also invest in Fixed rate debt Securities (including fixed rate securitised debt, Money Market Instruments and Floating Rate Debt Instruments swapped for fixed returns).

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 Infrastructure Fund, a 5 year close ended equity scheme with an automatic conversion into an open ended scheme on expiry of 5 years from the date of allotment, has the investment objective to provide income distribution and / or medium to long term capital gains by investing predominantly in equity/equity related instrument of the companies in the infrastructure sector.

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.

CHANGES IN SCHEMES

Pursuant to the SEBI Circular CIR/IMD/DF/21/2012 dated September 13, 2012 & SEBI (Mutual Funds) (Second Amendment) Regulations, 2012, investors are advised to take note of the following changes in the Scheme Information Documents of various schemes of Escorts Mutual Fund (effective from 1st October 2012).

A. Total Expense Ratio (TER)

1. Additional TER shall be charged up to 30 basis points on daily net assets of the scheme as per regulation 52 of SEBI (Mutual Funds) Regulations, 1996 (hereinafter referred to as Regulations), if the new inflows from beyond top 15 cities are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the average assets under management (year to date) of the scheme, whichever is higher.

In case inflows from beyond top 15 cities is less than the higher of (a) or (b) above, additional TER on daily net assets of the scheme shall be charged as follows:

$$\frac{\text{Daily net assets} \times 30 \text{ basis points} \times \text{New inflows from beyond top 15 cities}}{365^* \times \text{Higher of (a) or (b) above}}$$

* 366, wherever applicable.

The top 15 cities shall mean top 15 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography – Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

2. The additional TER on account of inflows from beyond top 15 cities so charged shall be clawed back in case the same is redeemed within a period of 1 year from the date of investment.

B. In addition to the above, the following expenses will be charged to the scheme:

- a) The service tax on investment management & advisory fees
- b) Brokerage & transaction costs (including service tax) which are incurred for the purpose of execution of trade & is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions & 0.05 per cent in case of derivatives transactions

C. Prudential limits on portfolio concentration risk in debt-oriented mutual fund schemes :

The total exposure of debt schemes of Escorts Mutual Fund in a particular sector as defined by Association of Mutual Funds in India (AMFI) (excluding investments in Bank CDs, CBLO, G-Secs, T-Bills & AAA rated securities issued by Public Financial Institutions & Public Sector Banks) shall not exceed 30% of the net assets of the scheme.

D. Harmonizing applicability of NAV across schemes :

In partial modification to SEBI circular no. SEBI/IMD/CIR No. 11/142521/08 dated October 24, 2008 and Cir/IMD/DF/19/2010 dated November 26, 2010, in respect of purchase of units of mutual fund schemes (**other than liquid schemes**), the closing NAV of the day on which the funds are available for utilization shall be applicable for application amount equal to or more than 2 lakh, irrespective of the time of receipt of such application.

Thus, Application Size Applicable NAV

For application amount of Rs. 2 Lacs* & above NAV of the day on which the funds are realized up to 3.00 p.m

* Multiple applications (purchase including switch in) submitted by investor (Subject to transaction being time-stamped upto 3 p.m. on same day for the same scheme, shall be aggregated at investor level on the date of realization of funds).

(i.e. First holder / Sole Holder) for determination of Rs. 2 Lacs.

For application amount upto Rs. 2 Lacs If application is time stamped before 3 p. m on any business day -

Applicable NAV shall be the closing NAV of the date of receipt of the application. If application is time stamped after 3 p.m on any business day – Applicable NAV shall be the closing NAV of the next business day.

In case of switch transactions, funds will be made available for utilization in the switch-in scheme based on redemption payout cycle of the switch out scheme.

There is no change in the applicable NAV for Redemption / Switch Out transactions.

E. Exit Load (applicable for all schemes): any exit load charged (inclusive of applicable service tax) shall be credited back to the respective Scheme, net off service tax, if any.

F. Transaction charges (opt-in / opt out by distributors) (effective from 1st November 2012): Distributors shall also have the option to either opt in or opt out of levying transaction charge based on type of the Scheme.

G. Cash investments in mutual funds

In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN / bank accounts, such as farmers, small traders / businessmen / workers, SEBI has permitted receipt of cash for fresh purchases / additional purchases to the extent of Rs. 20,000/- per investor, per financial year shall be allowed subject to:

- i. Compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and
- ii. Sufficient systems and procedures in place.

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

The Fund / AMC is in the process of setting up appropriate systems and procedures for the said purpose.

Notes:

- The above revision will be implemented prospectively & shall remain in force till further notice.
- All other terms & conditions of the SID/KIM read with other addendums if any remain unchanged.

Addendum dated 24.09.2012

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.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

