

# Fortis Investments

## SCHEME INFORMATION DOCUMENT (SID)

### FORTIS FIXED TERM FUND - SERIES 16 A

(A 24 month Close-ended Income Scheme with no assured returns)

Offer of Units Rs. 10 each for cash during the New Fund Offer Period

New Fund Offer Opens on : September 18, 2009

New Fund Offer Closes on : October 5, 2009

**Name of Mutual Fund**

FORTIS MUTUAL FUND

**Name of Asset Management Company**

FORTIS INVESTMENT MANAGEMENT (INDIA) PRIVATE LIMITED

**Name of Trustee Company**

FORTIS TRUSTEE (INDIA) PRIVATE LIMITED

**Addresses of the entities**

101,10th Floor, Sakhar Bhavan, Nariman Point, Mumbai 400 021

**Website of the entity**

[www.fortisinvestments.in](http://www.fortisinvestments.in)

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.

As required, a copy of this Scheme Information Document (SID) has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE) and Bombay Stock Exchange Limited (hereinafter referred to as BSE). NSE has given vide its letter NSE/LIST/115003-3 dated August 6, 2009 and BSE has given vide its letter DCS/IPO/NP/MF-IP/433/2009-10 dated August 10, 2009 permission to the Mutual Fund to use the Exchanges' name in this SID as the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchanges have scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by the NSE and BSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this SID; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason, of anything stated or omitted to be stated herein or any other reason whatsoever.

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

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

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

This Scheme Information Document is dated September 17, 2009.

# TABLE OF CONTENTS

Section	Particulars	Page No.
	Highlights / Summary of the Scheme .....	1
<b>I.</b>	<b>INTRODUCTION</b>	
A	Risk Factors .....	2
	Standard Risk Factors .....	2
	Scheme Specific Risk Factors .....	2
B	Requirement of Minimum Investors in the Scheme .....	3
C	Special Considerations .....	3
D	Definitions .....	3
E	Due Diligence by the Asset Management Company .....	4
<b>II.</b>	<b>INFORMATION ABOUT THE SCHEME</b>	
A	Type of the Scheme .....	5
B	What is the Investment Objective of the Scheme? .....	5
C	How will the Scheme Allocate its Assets? .....	5
D	Where will the Scheme Invest? .....	5
E	What are the Investment Strategies? .....	5
F	Fundamental Attributes .....	6
G	How will the Scheme Benchmark its Performance? .....	7
H	Who manages the Scheme? .....	7
I	What are the Investment Restrictions? .....	7
J	How has the Scheme Performed? .....	8
K	Others .....	8
<b>III.</b>	<b>UNITS AND OFFER</b>	
A	New Fund Offer (NFO) .....	9
B	Ongoing Offer Details .....	12
C	Periodic Disclosures .....	13
D	Computation of NAV .....	14
E	Roll-over Facility .....	14
<b>IV.</b>	<b>FEES AND EXPENSES</b>	
A	New Fund Offer (NFO) Expenses .....	15
B	Annual Scheme Recurring Expenses .....	15
C	Load Structure .....	15
D	Waiver of Load for Direct Applications .....	15
<b>V.</b>	<b>RIGHTS OF UNITHOLDERS</b> .....	16
<b>VI.</b>	<b>PENALTIES, PENDING LITIGATION OR PROCEEDING, FINDINGS OF INSPECTIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY</b> .....	16

## HIGHLIGHTS/SUMMARY OF THE SCHEME

<b>Name of the Scheme</b>	<b>Fortis Fixed Term Fund Series 16 A</b> , close ended Income Scheme. This Scheme shall comprise of instruments maturing on or before the maturity of the plan.						
<b>Investment Objective</b>	The Investment objective of the scheme would be to achieve growth of capital through investments made in a basket of fixed income securities maturing on or before the maturity of the Scheme.						
<b>Duration of New Fund Offer</b>	The offer for Subscription of the Units under the Scheme- Fortis Fixed Term Fund - Series 16 A will be open for initial subscription from September 18, 2009 to October 5, 2009. The Trustee reserves the right to extend the closing date of the New Fund Offer Period of the Plan(s) under the Scheme, subject to the condition that the subscription list shall not be kept open for more than 45 days.						
<b>Maturity Date of the Scheme</b>	Maturity Date of the Scheme would be 24 months from the date of allotment of units as specified under the Scheme at the time of launch, unless rolled over.  In case the Maturity date or payout date happens to be a non-business day then the immediate next business day shall be considered as the Maturity date.						
<b>Liquidity</b>	Being a close-ended Scheme, investors can subscribe to the Units of the Scheme during the New Fund Offer Period only.  Investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund on the maturity of the Scheme. However, the units held in dematerialized form can be traded on the Stock Exchange. In case the investor intends to exit, he may do so through the Stock Exchange.						
<b>Benchmark</b>	CRISIL Short Term Bond Fund Index						
<b>Transparency / NAV Disclosure</b>	The AMC will disclose the first NAV of the Scheme not later than 30 days from the closure of New Fund Offer Period of the Scheme. The AMC shall declare the Net Asset Value of the scheme on every business day on AMFI's website (www.amfiindia.com) by 9.00 p.m. everyday and also on their website (www.fortisinvestments.in). The NAV shall be calculated for all business days & released to the Press. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bi- monthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.  The NAV of the Scheme shall be published at least in two daily newspapers every day.  Since the Scheme is proposed to be listed on a recognised Stock Exchange, the listed price would be available on that Stock Exchange.  In accordance with SEBI circular No. SEBI/IMD/CIR No. 15/157701/2009 dated March 19, 2009, the AMC will disclose the portfolio of the Scheme on a monthly basis on the website of the AMC www.fortisinvestments.in. The mutual fund shall publish a complete statement of the scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e., 31st March & 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the Head Office of the Mutual Fund is located.						
<b>Loads</b>	<table border="1"> <thead> <tr> <th>Type of Load</th> <th>Load Chargeable (as %age of NAV)</th> </tr> </thead> <tbody> <tr> <td><b>Entry Load</b></td> <td>Nil.</td> </tr> <tr> <td><b>Exit Load</b></td> <td>Nil</td> </tr> </tbody> </table> <p>In accordance with the requirements specified by the SEBI circular no. SEBI/ IMD/ CIR No. 4/ 168230/09 dated June 30, 2009 no entry load will be charged for purchase/additional purchase/ switch-in accepted by the Fund with effect from August 01, 2009.</p> <p>The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.</p>	Type of Load	Load Chargeable (as %age of NAV)	<b>Entry Load</b>	Nil.	<b>Exit Load</b>	Nil
Type of Load	Load Chargeable (as %age of NAV)						
<b>Entry Load</b>	Nil.						
<b>Exit Load</b>	Nil						
<b>Minimum Application Amount</b>	A minimum of Rs. 5,000 per application and in multiples of Rs.10 thereafter						
<b>Dematerialization</b>	The Unit holders are given an Option to hold the units by way of an Account Statement or in Dematerialized ('Demat') form.  Unit holders opting to hold the units in demat form must provide their Demat Account details in the specified section of the application form.  The Unit holder intending to hold the units in Demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Plan) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP. The AMC intends to register with NSDL & CDSL in this regard.  In case Unit holders do not provide their Demat Account details, an Account Statement shall be sent to them. Such investors will not be able to trade on the stock exchange till the holdings are converted in to demat form.						
<b>Transfer of Units</b>	Units held by way of an Account Statement cannot be transferred.  Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.  Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account.  The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.						
<b>Roll-over facility</b>	At the time of maturity, if it is perceived that the market outlook for similar securities/ instruments is positive and investment in similar kind of instruments is likely to fetch better returns for the investors, then in the interest of the Investor, the Trustees may decide to roll-over the Plans under the Scheme. This would be based on demand/ request of the investors for the same. All other material details of the scheme/plans including the likely composition of assets immediately before the roll over, the net assets and net asset value of the scheme will be disclosed to the unitholders. Such rollover will always be permitted only in case of those unitholders who express their consent in writing.  The unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holding in full at net asset value based price.						

## I. INTRODUCTION

### A. RISK FACTORS

#### Standard Risk Factors:

- ◆ Investments 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 fluctuate, the value of your investment in the scheme may go up or down. The various factors which impact the value of the Scheme's investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc
- ◆ Past performance of the Sponsor/ AMC/ Mutual Fund does not guarantee future performance of the scheme.
- ◆ FORTIS FIXED TERM FUND - SERIES 16 A is the name of the scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- ◆ The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs. 1, 00,000 (Rupees One Lakh Only) to the corpus of the Mutual Fund made by it towards setting up the Fund.
- ◆ The present scheme is not a guaranteed or assured return scheme.

#### Scheme Specific Risk Factors:

Subject to the stated investment objective, the scheme proposes to invest in debt and debt related instruments. The Risk Factors for debt and debt related instruments are provided below:

- ◆ Listing of the units of the fund does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the units will develop or be maintained. Consequently, the Fund may quote below its face value / NAV.
- ◆ There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.
- ◆ The liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.

#### ◆ Schemes investing in Bonds:

##### Credit Risk

Credit risk refers to the risk of default in timely payment of interest or principal and the market perception of credit worthiness of the issuer. Investments in bonds and debentures will usually be in instruments that have been assigned high investment grade ratings by a recognized rating agency. The Scheme, may, considering the overall risk of the portfolio, invest in lower rated/unrated securities offering higher yields. This may increase the absolute level of risk of the portfolio.

##### Interest Rate Risk

The price of a fixed rate instrument fluctuates inversely with the prevailing level of interest rates in the market. Reinvestment risk, a component of interest rate risk, is the risk that future proceeds will have to be reinvested at a lower potential interest rate. The Scheme could also be exposed in case of floating rate instruments to interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture the interest rate movement. (Basis/ Spread risk)

##### Liquidity Risk

Trading volumes, settlement periods and transfer procedures may affect the liquidity of the investments of the scheme. The scheme may be unable to implement purchase or sale decisions when the markets turn illiquid, missing some investment opportunities. The lack of liquidity could also lead to the risk that the sale price of a security could be substantially lower than the fair value of the security.

#### Risks associated with investing in Derivatives:

The Scheme may also use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio. As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialised instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Even a small price movement in the underlying instrument could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies

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

#### ◆ Risks associated with investing in Securitised Debt:

Scheme may invest in domestic securitized debt such as asset backed securities

(ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS / MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS / MBS or the originator of the underlying receivables. The ABS / MBS holders have a limited recourse to the extent of credit enhancement provided. ABS / MBS holders will suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided. As compared to the normal corporate or sovereign debt, ABS / MBS are normally exposed to a higher level of reinvestment risk.

Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.

Following are some of the types of loans that are securitised:

- ◆ Auto Loans (cars / commercial vehicles /two vehicles)
- ◆ Residential Mortgages or Housing Loans
- ◆ Consumer Durable Loans
- ◆ Personal Loans and Credit Cards

The main risks pertaining to each of the asset classes above are described below:

#### Auto Loans (cars / commercial vehicles /two vehicles)

- ◆ The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.

# Fortis Mutual Fund

- ◆ These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.
- ◆ Commercial vehicle loans are susceptible to the cyclical nature in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

## Housing Loans

- ◆ Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

## Consumer Durable Loans

- ◆ The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
- ◆ The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

## Personal Loans and Credit Cards

- ◆ These are unsecured loans. In case of a default, the bank has no security to fall back on.
- ◆ The lender has no control over how the borrower has used the borrowed money.

Further, all the above categories of loans have the following common risks:

- ◆ All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.
- ◆ In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.

In retail loans, the risks due to frauds are high.

## B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme and Individual Plan(s) under the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). These conditions will be complied with immediately after the close of NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the Scheme/Plan(s) shall be wound up in accordance with Regulation 39(2)

(c) of SEBI (MF) regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 6 weeks of the date of closure of the New Fund Offer.

## C. SPECIAL CONSIDERATIONS

- ◆ From time to time, the Sponsor, their affiliates, associates, subsidiaries, the Mutual Fund and the AMC may invest directly or indirectly in the Scheme. These entities may acquire a substantial portion of the Scheme's Units and collectively constitute a major investor in the Scheme. Accordingly, redemption of Units held by such entities may have an adverse impact on the Scheme because the timing of such redemption may impact the ability of other Unit holders to redeem their Units.
- ◆ Redemption by the Unitholder due to change in the fundamental attributes of the Scheme or due to any other reasons or Winding-up of the Scheme for reasons mentioned in this Document may entail tax consequences. The Trustee, AMC, Mutual Fund, their Directors, officers or their employees shall not be liable for any such tax consequences that may arise.
- ◆ Investment decisions made by the AMC may not always be profitable.
- ◆ The tax benefits described in this Scheme Information Document are as available under the prevailing taxation laws. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely.
- ◆ Investors should study this Scheme Information Document carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest / redeem Units.
- ◆ Neither this Scheme Information Document nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, persons who come into possession of this Scheme Information Document are required to inform themselves about and to observe any such restrictions.
- ◆ No person has been authorised to issue any advertisement or to give any information, either oral or written to make any representations other than that contained in this Scheme Information Document. Circulars in connection with this offering not authorised by the Mutual Fund / Trustee / AMC and any information or representations not contained herein must not be relied upon as having been authorised by the Mutual Fund / Trustee / AMC.

## D. DEFINITIONS

<b>"AMC" or "Asset Management Company" or "Investment Manager"</b>	Fortis Investment Management (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the Asset Management Company for the Scheme of the Mutual Fund.
<b>"Business Day/Working day"</b>	<p>A day other than:</p> <ul style="list-style-type: none"> <li>(i) Saturday and Sunday</li> <li>(ii) A day on which the banks in Mumbai and / or RBI are closed for business / clearing</li> <li>(iii) A day on which the Stock Exchange, Mumbai and / or the National Stock Exchange of India Limited are closed</li> <li>(iv) A day on which Sale and Redemption/ repurchase of Units is suspended by the Trustee / AMC.</li> <li>(v) A book closure period as may be announced by the Trustee / AMC.</li> <li>(vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the Trustee / AMC may specify from time to time.</li> </ul> <p>The Trustee / AMC reserve the right to declare any day as a Business Day/ Working Day or otherwise at any or all Investor Service Centres.</p>
<b>"Custodian"</b>	Deutsche Bank AG, Mumbai, registered under the SEBI (Custodian of Securities) Regulations, 1996, currently acting as Custodian to the Scheme or any other custodian approved by the Trustees.

# Fortis Mutual Fund

<b>"Floating Rate Debt Instruments"</b>	Floating rate debt instruments are debt securities issued by Central and / or State Government, Corporate Bodies or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Mutual Fund. Floating rate debt instruments can be synthetically created by swapping Money Market Instruments & Fixed Rate Debt Instruments for floating rate returns.  The interest payable on the instruments could also be in the nature of a fixed spread over benchmark yields.
<b>"Investor Service Centres" or "ISCs"</b>	Designated branches or service centres or representative offices of Registrar and Transfer Agent or its associates or such other centres / offices as may be designated by the Trustee / AMC from time to time.
<b>"New Fund Offer"</b>	Offer for Subscription of Units of Fortis Fixed Term Fund - Series 16 A during the New Fund Offer Period as described hereinafter.
<b>"New Fund Offer Period"</b>	The date / period during which the Initial Subscription of Units of the Scheme mentioned below can be made.
<b>"Investment Management Agreement" or "IMA"</b>	The agreement dated March 12, 2009 entered into between Fortis Trustee (India) Private Limited and Fortis Investment Management (India) Private Limited, as amended from time to time.
<b>"Mutual Fund" or "the Fund"</b>	Fortis Mutual Fund (Formerly ABN AMRO Mutual Fund), a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the SEBI (Mutual Funds) Regulations vide Registration No. MF/049/04/01 dated October 24, 2008.
<b>"NAV"</b>	Net Asset Value per Unit of the Scheme, calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI Regulations from time to time.
<b>"Scheme Information Document"</b>	This document issued by the Mutual Fund offering the Units of the Scheme for Subscription.
<b>"RBI"</b>	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
<b>"Registrar and Transfer Agent"</b>	Computer Age Management Services (P) Limited (CAMS), Chennai, registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as registrar and transfer agent to the Scheme, or any other registrar and transfer agent appointed by the Mutual Fund acting through the AMC from time to time.
<b>"Sale/Subscription"</b>	Sale of Units to the Unit holder upon Subscription by the Investor / Applicant under the Scheme during the New Fund Offer Period.
<b>"Scheme / Plan"</b>	FORTIS FIXED TERM FUND - SERIES 16 A and the Plan(s) / Option(s) offered thereunder.
<b>"SEBI"</b>	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
<b>"SEBI Regulations" or "Regulations"</b>	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
<b>"Sponsor" or "Settlor"</b>	ABN AMRO Asset Management (Asia) Limited.
<b>"Trust Deed"</b>	The Trust Deed dated March 05, 2009 made by and between ABN AMRO Asset Management (Asia) Limited and Fortis Trustee (India) Private Limited establishing the Mutual Fund, as amended from time to time.
<b>"Trustee"</b>	Fortis Trustee (India) Private Limited incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the Trustee to the Scheme of the Mutual Fund.
<b>"Unit"</b>	The interest of the Unit holder, which consists of, each Unit representing one undivided share in the net assets of the Scheme.
<b>"Unit holder" or "Investor"</b>	A person holding Unit(s) in the Scheme of the Mutual Fund.

## Interpretation

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

- ◆ All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- ◆ All references to "Euros" refer to the currency of some Member States of the European Union, "Dollars" or "\$" refer to United States, "HKD" refers to Hong Kong Dollars and "Re"/"Rs." refers to Indian Rupee(s). A "crore" means "ten million" and a "lakh" means a "hundred thousand".

Words and Expressions used and not defined in this Scheme Information Document shall have the same meaning as in the SEBI Regulations.

## DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

The Asset Management Company shall confirm that a Due Diligence Certificate duly signed by the Compliance Officer of the Asset Management Company has been submitted to SEBI, which reads as follows:

It is confirmed that:

- (i) the draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- (iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Place: Mumbai  
Date: August 11, 2009

Signed : Sd/-  
Name : Hemanti Wadhwa  
Designation : Compliance Officer & Risk Manager

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

Close-ended Income Scheme with no assured returns

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The Investment objective of the scheme would be to achieve growth of capital through investments made in a basket of fixed income securities maturing on or before the maturity of the scheme.

However, there can be no assurance that the investment objectives of the Scheme and Plan launched hereunder will be realized. The Scheme/ Plans launched hereunder do not guarantee/indicate any returns.

### C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the asset allocation under the Scheme would be as follows:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Debt Instruments*	0	100	Low-Medium
Money Market Instruments	0	100	Low-Medium

\*Debt instruments may include securitised debt up to 100% of the net assets & exposure in debt derivatives may be up to 100% of net assets.

\*The Scheme does not intend to invest in Foreign Securities. The Scheme will not engage in Securities Lending.

The Scheme will not invest in equity and equity related securities and foreign securitised debt.

It may be noted that AMC has to adhere to the asset allocation pattern indicated in the Scheme Information Document under normal circumstances.

According to SEBI circular (reference no. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007), pending deployment of funds of the Plans under the Scheme in securities in terms of investment objective of the Plans under the Scheme, the Mutual Fund may invest the funds of the Plans under the Scheme in short term deposits of scheduled commercial banks subject to restrictions laid down under the SEBI Regulations from time to time.

### Portfolio Rebalancing Strategy

An ongoing review of the credit strategy of investments would be conducted along with duration management of the asset portfolio. The Fund Manager shall adopt such strategy as may be required for portfolio rebalancing, if required.

### Change in Investment Pattern

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, depending on liquidity considerations or on account of high levels of repurchase or redemptions relative to fund size, or upon considerations that optimise returns of the Plan(s) under the Scheme through investment opportunities or upon various defensive considerations including market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and only for defensive considerations. In addition, as part of the investment process, the Investment Committee of the AMC will conduct a periodic review of the asset allocation and may suggest rebalancing of the portfolio.

### D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be primarily invested in any debt instrument, which is rated as investment grade by any rating agency like CRISIL, ICRA, and FITCH and money market instruments aiming to reduce interest rate risk of the plan. The actual percentage of investment in various fixed income securities will be decided after considering various factors such as the prevailing inflation and interest rate scenario, performance of corporate sector, general liquidity and other considerations.

Subject to SEBI Regulations, the corpus of the Plan(s) can be invested in any (but not exclusively) of the following securities:

- ◆ Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, corporate entities & trusts
- ◆ Securitised debt
- ◆ Debt & Money Market securities and such other securities as may be permitted by SEBI and RBI regulations from time to time.
- ◆ Money market instruments including but not limited to, treasury bills, commercial paper of public sector undertakings and private sector corporate entities, repurchase & reverse repurchase agreements, certificate of deposit of scheduled commercial banks and development financial institutions, bills of exchange/ promissory notes of corporate entities, government securities with unexpired maturity of one year or less and other money market instruments as may be permitted by SEBI/ RBI.
- ◆ Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables
- ◆ The debt component of convertible securities
- ◆ Any other like instruments as may be permitted by RBI / SEBI / such other regulatory authority from time to time.
- ◆ Derivative instruments like Interest Rate Swaps, Forward Rate Agreements and such other derivative instruments permitted by SEBI/ RBI. The maximum allocation in Debt derivatives would be up to maximum permissible under SEBI regulations i.e. 100%.

The securities mentioned above and such other securities that the scheme is permitted to invest in, could be listed / unlisted, privately placed, secured / unsecured, rated / unrated of any maturity. The securities may be acquired through initial public offerings (IPO's), secondary market operations, private placements, rights offers (including renunciation) or negotiated deals.

### E. WHAT ARE THE INVESTMENT STRATEGIES?

The AMC will analyse macro economic fundamentals such as growth, inflation, exchange rates, liquidity, etc. Based on these factors an interest rate view is generated. This view is used as the basis for determining the average portfolio maturity of the scheme.

Portfolio adjustments are then processed to achieve maximum total return. Extension or retraction of maturity / duration begins only after a thorough evaluation of spreads between quality issuers, market sectors and yield curves. The emphasis is on instruments where the financial strength of the issuer / guarantor is well documented by major rating services. In addition, in-house credit analysis is relied on to arrive at relative positions within major rating categories.

This being a fixed term plan, under normal circumstances, the need to rebalance would be minimal once the initial investments have been made.

### Risk Control

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC may also implement certain internal control procedures / risk & exposure limits etc, which may be varied from time to time.

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in-depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI/RBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

### Position of Debt Market in India

The debt market in India is one of the largest such markets in Asia. A bulk of the debt market consists of Government Securities. Other instruments available currently include Corporate Debentures, Bonds issued by Financial

# Fortis Mutual Fund

Institutions, Commercial Paper, Certificates of Deposits and Securitised Debt. Securities in the Debt market typically vary based on their tenure and rating. Government Securities have tenures from one year to thirty years whereas the maturity periods of the Corporate Debt vary from one year to fifteen years. Recently some banks have also issued perpetual bonds. Securities may be both listed and unlisted and increasingly most securities of maturities of over one year are being listed by issuers. While in the corporate bond market, deals are conducted over telephone and are entered on principal-to-principal basis, due to the introduction of the Reserve Bank of India's NDS- Order Matching system a significant proportion of the government securities market is trading on the new system. The yields on various securities, currently, are as under:

Instrument	Yield range as on September 15, 2009 (% per annum)
Inter bank money	3.00 - 3.25
91 day Treasury Bill	3.30 - 3.40
P1 + Commercial Paper 90 days	4.15 - 4.25
5 year Government of India Security	6.90-7.00
10 year Government of India Security	7.05 -7.10
15 year Government of India Security	8.20-8.29

## Strategies involving Derivatives

The Scheme intends to use derivatives for the purposes, which may be permitted by SEBI Mutual Fund Regulations from time to time, which will include hedging & portfolio balancing. SEBI has vide its Circular SEBI/MFD/CIR No.03/158/03 dated June 10, 2003, specified the guidelines pertaining to trading by Mutual Fund in Exchange Traded Derivatives. Accordingly, the Scheme may use derivative instruments viz. Interest Rate Swaps, Forward Rate Agreements, or such other derivative instruments as may be introduced from time to time as permitted under the SEBI Regulations and guidelines.

The following information provides a basic idea as to the nature of the derivative instruments proposed to be used by the Fund and the benefits and risks attached therewith.

## Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA)

### Benefits

Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Fund remains in call market for the liquidity and at the same time take advantage of fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

### IRS

All swaps are financial contracts, which involve exchange (swap) of a set of payments owned by one party for another set of payments owned by another party, usually through an intermediary (market maker). An IRS can be defined as a contract between two parties (Counter Parties) to exchange, on particular dates in the future, one series of cash flows, (fixed interest) for another series of cashflows (variable or floating interest) in the same currency and on the same principal for an agreed period of time. The exchange of cashflows need not occur on the same date.

### FRA

A FRA is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date, based on a notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period. The special feature of FRAs is that the only payment is the difference between the FRA rate and the Reference rate and hence are single settlement contracts. As in the case of IRS, notional amounts are not exchanged. However, there is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party to comply with the terms of the contract. To the extent that settlements of contracts are not guaranteed by an exchange or clearing corporation, hence, there is the risk of a counterparty to a deal defaulting in payment.

The Scheme intends to use derivatives for the purposes, which may be permitted by SEBI Mutual Fund Regulations from time to time, which will include hedging & portfolio balancing. Hedging does not mean maximisation of returns but only reduction of systematic or market risk inherent in the investment.

## Illustrations

### Basic Structure of a Swap

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

The steps will be as follows -

- ◆ Assuming the swap is for Rs. 20 crore June 1, 2006 to December 1, 2006. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).
- ◆ On June 1, 2006 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA).
- ◆ On a daily basis, the benchmark rate fixed by NSE will be tracked by them.
- ◆ On December 1, 2006 they will calculate the following -
  - ◆ The Scheme is entitled to receive interest on Rs. 20 crore at 12% for 184 days i.e. Rs.1.21 crore, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
  - ◆ The counterparty is entitled to receive daily compounded call rate for 184 days and pay 12% fixed.
  - ◆ On December 1, 2006, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 1.21 crore, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.
  - ◆ Effectively the Scheme earns interest at the rate of 12% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 crore, without borrowing for 6 months fixed.

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

## Portfolio Turnover

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. Portfolio turnover would depend upon the market conditions such as volatility of the market and inflows/outflows in the scheme. The scheme has no explicit constraints either to maintain or limit the portfolio turnover.

Pursuant to the SEBI regulations the cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's bought note.

## F. FUNDAMENTAL ATTRIBUTES

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

- (i) Type of a scheme
  - ◆ Close ended
  - ◆ Income Fund
- (ii) Investment Objective
  - ◆ Main Objective - Income
  - ◆ Investment Pattern - The tentative Debt/ Money Market portfolio break-up with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term

# Fortis Mutual Fund

period on defensive considerations as indicated in this Scheme Information Document.

(ii) Terms of Issue

- ◆ Liquidity provisions such as listing, repurchase, redemption as indicated in this Scheme Information Document.
- ◆ Aggregate fees and expenses charged to the scheme as indicated in this Scheme Information Document.
- ◆ The scheme does not guarantee any assured returns.

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 and the Plan(s)/ Option(s) there under or the trust or fee and expenses payable or any other change which would modify the Scheme and the Plan(s)/ Option(s) there under and affect the interests of Unit holders is carried out unless:

- ◆ A written communication about the proposed change is sent to each Unit holder 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 Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

## H. WHO MANAGES THE SCHEME?

Name	Age	Qualification	Last 10 years experience	
			Experience	Period
Mr. Alok Singh Fund Head - Fixed Income & Structured Products	33 years	<ul style="list-style-type: none"> <li>◆ PGDBA</li> <li>◆ CFA</li> </ul>	<ul style="list-style-type: none"> <li>◆ Head - Fixed Income &amp; Structured Products, Fortis Investment Management (India) Private Limited</li> <li>◆ Manager - Fixed Income Fortis Investment Management (India) Private Limited</li> <li>◆ Manager - Fixed Income, UTI Bank</li> </ul>	<ul style="list-style-type: none"> <li>February 2, 2009 onwards</li> <li>February 1, 2005 onwards.</li> <li>August 2000 - January 2005</li> </ul>

Mr. Alok Singh also manages the following schemes of Fortis Investment Management (India) Private Limited:

- ◆ Fortis Flexi Debt Fund
- ◆ Fortis Money Plus Fund
- ◆ Fortis Short Term Income Fund
- ◆ Fortis Overnight Fund
- ◆ Fixed Income Portfolio of Fortis Monthly Income Plan - (Monthly income is not assured and is subject to availability of distributable surplus)
- ◆ Fixed Income Portfolio of Fortis Multi-Manager Funds
- ◆ All the Fortis Fixed Term Plan Series /Fortis Interval Fund Series.

## I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to the SEBI regulations, the following investment restrictions are applicable to the scheme:

- ◆ The Scheme shall not invest more than 15% of its NAV in debt instruments [irrespective of residual maturity period (above or below one year)], 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 SEBI Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Trustee and the Board of the AMC.

Provided that such limit shall not be applicable for investments in Government Securities.

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

- ◆ The Scheme shall not invest more than 10% of its NAV in unrated debt instruments [irrespective of residual maturity period (above or below one year)]; issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Trustee and the Board of the AMC or a Committee constituted in this behalf.
- ◆ The scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer. Provided that such limit

## G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The Benchmark Indices for the Scheme is as CRISIL Short Term Bond Fund Index

Performance comparisons for the Scheme will be made vis-à-vis the respective Benchmarks. However, the Scheme's performance may not be strictly comparable with the performance of the respective Benchmarks due to the inherent differences in the construction of the portfolios. The Trustee / AMC reserves the right to change the Benchmarks for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the Benchmarks subject to the SEBI Regulations, and other prevailing guidelines, if any.

### Rationale

The CRISIL Short-Term Bond Fund Index is an index to track the return on a Short-Term Portfolio that includes Call instruments, Commercial Paper, Government securities as also the AAA and AA rated instruments. Therefore, in our opinion, CRISIL Short Term Bond Fund Index is a convenient, appropriate and easily available tool for analysis and capture of market movements and for determining the corresponding effect on a portfolio consisting of the above-mentioned instruments

shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.

- ◆ Transfer of investments from one Scheme to another Scheme in the same Mutual Fund, shall be allowed only if:-
  - ◆ such transfers are done at the prevailing market price for quoted Securities on spot basis

Explanation: spot basis shall have the same meaning as specified by Stock Exchange for spot transactions
- ◆ the Securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
- ◆ The Scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same asset management company or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund. Provided that this clause shall not apply to any Fund of Fund schemes and investment in Mutual Funds in Foreign Countries made in accordance with guideline issued by SEBI from time to time.
- ◆ The Mutual Fund will buy and sell securities on the basis of deliveries and will in all cases of purchase, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself

in a position whereby it has to make short sales or carry forward transactions or engage in badla finance (carry forward).

Provided that a mutual fund may enter into derivatives transactions in a recognised stock exchange, subject to such Guidelines as may be specified by the Board.

- ◆ The Mutual Fund shall get the securities purchased or transferred in the name of the Mutual Fund on account of the concerned Scheme, wherever the investments are intended to be of a long term nature.
- ◆ In terms of SEBI circular having reference no. SEBI/IMD/CIR No. 1/91171 /07 dated April 16, 2007, pending deployment of funds of the Plans under the Scheme in securities in terms of the investment objective of the Scheme, the Mutual Fund can invest the funds of the Scheme in short term deposits of scheduled commercial banks, after complying with the provisions of aforesaid circular, accordingly,
  - ◆ No mutual fund scheme shall park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposits.
  - ◆ No mutual fund scheme shall park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - ◆ Trustees shall ensure that no funds of a scheme may be parked in short term deposit of a bank which has invested in that scheme.
- ◆ A Scheme shall not make any investments in:
  - ◆ any unlisted security of an associate or group company of the Sponsor; or
  - ◆ any security issued by way of private placement by an associate or group company of the Sponsor; or
  - ◆ the listed securities of group companies of the Sponsor which is in excess of 25% of the net assets.

- ◆ The Scheme shall not make any investment in any fund of funds scheme.
- ◆ No loans for any purpose shall be advanced by the Scheme.
- ◆ The mutual fund having an aggregate of securities, which are worth Rs.10 crores or more, as on the latest balance sheet date, shall subject to such instructions as may be issued from time to time by the Board settle their transactions entered on or after January 15, 1998 only through dematerialised securities.
- ◆ The mutual fund shall not borrow except to meet temporary liquidity needs of the mutual funds for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders.

Provided that the mutual fund shall not borrow more than 20% of the net asset of the scheme and the duration of such a borrowing shall not exceed a period of six months.

All Investment Restrictions shall be applicable at the time of making investment.

Apart from the Investment Restrictions prescribed under the SEBI Regulations, internal risk parameters for limiting exposure to a particular scrip or sector may be prescribed from time to time to respond to the dynamic market conditions and market opportunities. The AMC / Trustee may alter the above Investment Restrictions from time to time to the extent that changes in the SEBI Regulations may allow and as deemed fit in the general interest of the Unit holders.

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

This Scheme is a new Scheme and does not have any performance track record.

## **K. OTHERS**

### **Investment by the AMC in the Scheme**

The AMC may invest in the Scheme in the New Fund Offer Period or thereafter at any time during the continuous offer period subject to the SEBI Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the Scheme.

# Fortis Mutual Fund

## III. UNITS AND OFFER

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

### A. NEW FUND OFFER (NFO)

#### New Fund Offer Period

This is the period during which a new scheme sells its units to the investors

Series	Duration/Tenor	New Fund Offer Opens on	New Fund Offer Closes on
16 A	24 months	September 18, 2009	October 5, 2009

The Trustee reserves the right of extension / early closure of the New Fund Offer Period of the Plan(s) under the Scheme, subject to the condition that the subscription list shall not be kept open for more than 45 days.

#### New Fund Offer Price

This is the price per unit that the investors have to pay to invest during the NFO

The New Fund Offer Price of Units of the Scheme will be Rs.10 per Unit.

#### Minimum Amount for Application in the NFO

A minimum of Rs. 5,000 per application and in multiples of Rs.10 thereafter

#### Minimum Target Amount

This is the minimum amount required to operate the Scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if the AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of subscription period.

The Mutual Fund seeks to raise a minimum subscription amount of Rs. 1 Crore each for the above-mentioned Scheme/Plan during its New Fund Offer Period and would retain any excess subscription collected.

#### Maximum Amount to be raised(if any)

(This is the maximum amount which can be collected during the NFO period, as decided by the AMC)

There is no maximum target for the size of the Scheme and therefore, subject to the applications being in accordance with the terms of this offer, full and firm allotment will be made to all the applicants, subject to the collection of the minimum subscription amount.

#### Plans/ Options Offered

The Scheme contains following two Options (including sub options):

- ◆ **Growth Option**
  - ◆ **Dividend Option** (Calendar Quarterly, Calendar Yearly and Dividend on Maturity Option).  
The Dividend Option offers only Dividend Payout Facility/plan. There shall be a single portfolio under the scheme.
- Growth Option**  
The Scheme will not declare any Dividend under this Option. The income attributable to Units under this Option will continue to remain invested in the Option and will be reflected in the Net Asset Value of Units under this Option.
- Dividend Options**  
Under Dividend Options, the dividend if any shall be declared by Trustees from time to time.  
Under Calendar Quarterly Dividend Option and Calendar Yearly Dividend Option, Trustee proposes to declare dividend at Quarterly and Yearly frequency respectively. It may be noted that the actual declaration of dividend will be subject to the availability of distributable surplus as computed in accordance with the SEBI Regulations and discretion of the Trustees/ AMC.  
Under Dividend on Maturity Option, dividend may be declared out of distributable surplus available with the Scheme on the date of its Maturity from time to time.

\* In case no option is indicated in the Application Form, then the default option shall be as follows:

Default Option	:	Growth Option
Default Dividend Option	:	Dividend On Maturity Option

#### Dividend Policy

Dividends if declared will be paid to the Unit holders as appearing in the Beneficial Owners master with the Depository for Unit holders who have opted for dematerialised holding and Register of Unit holders with the Registrar & Transfer Agent for those Unit holders who have opted for non-dematerialised holding as on the record date.. To the extent the entire net income and realised gains are not distributed, the same will remain invested in the Option and will be reflected in the NAV. There is no assurance or guarantee to Unit holders as to the rate of dividend distribution nor will that dividend be paid regularly. The Dividends shall be declared subject to the availability of distributable surplus under the Option. The AMC may announce a book closure period for the purpose of making the dividend payment.

The NAV of the Unit holders in any of the Dividend Option will stand reduced by the amount of dividend declared.

#### Allotment

All applicants will receive full and firm allotment of Units, provided the applications are complete in all respects and are found to be in order, subject to the collection of the minimum subscription amount. The Trustee / AMC retain the sole and absolute discretion to reject any application. The process of allotment of Units and mailing of account statements reflecting the allotments will be completed within 30 days from the date of closure of the New Fund Offer Period.

	<p>The AMC / Trustee may require or obtain verification of identity or such other details regarding any Subscription or related information from the investor/Unit holders as may be required under any law, which may result in delay in dealing with the applications, Units, benefits, distribution, etc.</p>
<p><b>Refund</b></p>	<p>If application is rejected, full amount will be refunded within 6 weeks of closure of NFO. If refunded later than 6 weeks, interest @15% p.a. for delay period will be paid and charged to the AMC.</p> <p>Refund orders will be marked "A/c. Payee only" and will be in favour of and be despatched to the sole / first Applicant, by registered post.</p> <p>In accordance with the SEBI Regulations, if any of Plan(s) under the Scheme fails to collect the minimum subscription amount, the Mutual Fund and the AMC shall be liable to refund the money to the applicants under that Plan.</p> <p>In addition to the above, refund of subscription amount to applicants whose applications are invalid for any reason whatsoever, will commence after the allotment process is completed.</p>
<p><b>Maturity Date of the Scheme</b></p>	<p>Maturity Date of the Scheme would be 24 months from the date of allotment of units as specified in the under the Scheme at the time of launch, unless rolled over.</p> <p>In case the Maturity date or payout date happens to be a non-business day then the immediate next business day shall be considered as the Maturity date.</p> <p>Units under the scheme will be compulsorily and without any further act by the Unit holder(s) be redeemed on the Maturity Date at the applicable NAV. The redemptions made on the Maturity Date will be without any exit load.</p> <p>The Fund reserves, with the prior approval of SEBI, the right to extend the Scheme beyond its redemption date in accordance with Regulations. In such an event the Unit holder shall be given an option to either sell back the Units to the Fund or to continue in the Scheme. The Fund could also give the investor the option to switch the repurchase proceeds into any other eligible Scheme of the Mutual Fund launched or in operation at that time. The extension of the period of the Scheme beyond final redemption date/s or roll over of the Scheme shall be in accordance with Regulations.</p>
<p><b>Who can invest</b> 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>	<ol style="list-style-type: none"> <li>1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;</li> <li>2. Minors through parent / legal guardian;</li> <li>3. Karta of Hindu Undivided Family (HUF);</li> <li>4. Partnership Firms;</li> <li>5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or Bodies of Individuals (whether incorporated or not) and Societies registered under the Societies Registration Act, 1860;</li> <li>6. Banks &amp; Financial Institutions;</li> <li>7. Mutual Funds registered with SEBI;</li> <li>8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds &amp; applicable statutory law;</li> <li>9. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO) either on repatriation basis or non-repatriation basis;</li> <li>10. Foreign Institutional Investors (FIIs) on repatriation basis;</li> <li>11. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions;</li> <li>12. Scientific and Industrial Research Organisations;</li> <li>13. Multilateral Funding Agencies approved by the Government of India/Reserve Bank of India;</li> <li>14. Schemes of Fortis Mutual Fund subject to the conditions and limits prescribed by the SEBI Regulations;</li> <li>15. Trustee, AMC, Sponsor and their associates may subscribe to Units under this Scheme;</li> <li>16. Such other individuals/institutions/body corporate etc, as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with the SEBI Regulations.</li> </ol> <p>The Mutual Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to the SEBI Regulations and other prevailing statutory regulations, if any.</p>
<p><b>Who Cannot Invest?</b></p>	<p>It should be noted that the following persons cannot invest in the Scheme(s):</p> <ol style="list-style-type: none"> <li>1. Any person who is a foreign national.</li> <li>2. Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the Scheme. These would be firms and societies, which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs).</li> <li>3. Non-Resident Indians residing in the United States of America and Canada.</li> </ol> <p>The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.</p> <p>As Units may not be held by any person in breach of the SEBI Regulations, any law or requirements of any governmental, statutory authority including, without limitation, exchange control regulations, the Mutual Fund / Trustee / AMC may mandatorily redeem all the Units of any Unitholder where the Units are held by a Unitholder in breach of the same.</p>

	<p>The Mutual Fund / Trustee / AMC may redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete.</p> <p><b>Note:</b></p> <ol style="list-style-type: none"> <li>1. RBI has vide Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, granted a general permission to NRIs / Persons of Indian Origin residing abroad (PIOs) and FIs for purchasing/ redeeming Units of the mutual funds subject to conditions stipulated therein.</li> <li>2. Returned cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.</li> <li>3. No request for withdrawal of application made during the New Fund Offer Period will be entertained.</li> </ol>
<b>Where can you submit the filled up applications</b>	<p><b>Registrar And Transfer Agent:</b> COMPUTER AGE MANAGEMENT SERVICES (P) LIMITED No.178/10 Kodambakkam High Road Ground floor, Opp. Hotel Palmgrove Nungambakkam - Chennai - 600 034 SEBI Registration Number: INR000002813</p> <p><b>Collecting Banker:</b></p> <ul style="list-style-type: none"> <li>- ABN AMRO Bank N.V (SEBI Registration No. INBI00000034) Brady House, 14 Veer Nariman Road, Fort, Mumbai - 400023</li> <li>- HDFC Bank Limited, (SEBI Registration No. INBI00000063) Maneckji Wadia Bldg. Nanik Motwani Marg, Fort, Mumbai - 400 001</li> </ul> <p>The list of the official points of acceptance of transactions is also given in the inside back cover of the Scheme Information Document.</p>
<b>How to Apply</b>	Please refer to the SAI and Application form for the instructions
<b>Listing</b>	<p>The Regulations require that every close-end scheme (except Equity Linked Saving Scheme) be mandatorily listed on a recognised stock exchange.</p> <p>The Fund intends to list Fortis Fixed Term Fund - Series 16 A on National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd.</p> <p>Investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund on the maturity of the Scheme. However the units held in dematerialized form can be traded on the Stock Exchange/s.</p>
<b>Special Products/facilities available during the NFO</b>	<p>Since this is a close ended scheme, special features such Systematic Investment Plan; Systematic Transfer Plan &amp; Systematic Withdrawal Plan shall not be available.</p> <p><b>Switching Options</b></p> <p>During the New Fund Offer Period of the Scheme, Unit holders of the Fund have the option to switch-in their investment from Fortis Overnight Fund, Fortis Short Term Income Fund, Fortis Money Plus Fund, Fortis Flexi Debt Fund, Fortis Bond Fund and Fixed Term Plans /Series and any Series of Interval Funds launched under the umbrella Scheme Information Document there under to this Scheme. The switch-out will be effected at the Applicable NAV of the respective (switch-out) Scheme (subject to applicable cut-off time and applicable load), on the day of acceptance of the switching request. The switch-in will be effected at the New Fund Offer Price. Switch request will be subject to applicable exit load of the relevant scheme. All switch requests during the New Fund Offer Period of the Scheme will have to be submitted at the Official Points of Acceptance of Transactions. Switch requests received at any other centres are liable to be rejected.</p> <p>The application amount for switch-ins into the Scheme should be in multiples of Rs. 10. The balance fractional amount in the switch-out Schemes being less than Rs. 10 shall be refunded to the Investor.</p> <p>A switch by NRI / FII Unit holders will be subject to relevant laws, rules, and regulations at the time of switch.</p>
<b>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.</b>	Not Applicable.
<b>Restrictions, if any, on the right to freely retain or dispose of units being offered</b>	<p>The Trustee / AMC may, in the general interest of the Unit holders of the Scheme, keeping in view the unforeseen circumstances / unsure conditions, limit the total number of Units which may be Redeemed on any Business Day to 5% of the total number of Units then in issue under the Scheme (or such higher percentage as the Trustee / AMC may decide in any particular case). In addition, the Trustee / AMC reserves the right, in its sole discretion, to limit Redemptions with respect to any single account to an amount of Rs. 2 crores or such other lower / higher amount decided by the Trustee / AMC, on a single Business Day. Any Units which by virtue of these limitations are not redeemed on a particular Business Day will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Redemption Price of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, Redemption will be made on pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business</p>

Day(s). It may be noted that as the Scheme is being listed, investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund only on the maturity of the Scheme.

### Freezing / Seizure of Accounts

Investors may note that under the following circumstances the Trustee / AMC may at its sole discretion (and without being responsible and/or liable in any manner whatsoever) freeze/seize a Unit holder's account (or deal with the same in the manner the Trustee / AMC is directed and/or ordered) under a Scheme:

- ◆ Under any requirement of any law or regulations for the time being in force.
- ◆ Under the direction and/or order (including interim orders) of any regulatory/statutory authority or any judicial authority or any quasi-judicial authority or such other competent authority having the powers to give direction and/or order.

### Suspension of Sale / Redemption / Switching Options of the Units

The sale/ repurchase of units of the Scheme may be suspended temporarily or indefinitely under any of the following circumstances:

- ◆ During the period of book closure, if any
- ◆ Stock markets stop functioning or trading is restricted
- ◆ Periods of extreme volatility in the stock markets, which in the opinion of the Investment Manager is prejudicial to the interest of the unit holders.
- ◆ A complete breakdown or dislocation of business in the major financial markets
- ◆ Natural calamities
- ◆ Declaration of war or occurrence of insurrection, civic commotion or any other serious or sustained financial, political or industrial emergency or disturbance
- ◆ SEBI, by orders, so direct

The Trustee / AMC reserves the right in its sole discretion to withdraw the facility of Sale and Switching Option of Units into and out of the Scheme, temporarily or indefinitely, if AMC views that changing the size of the corpus may prove detrimental to the existing Unit holders of the Scheme. In the above eventualities, the time limits indicated, for processing of requests for Subscription and Redemption of Units will not be applicable.

Suspension or restriction of repurchase/redemption facility under any scheme of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustees. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

## B. ONGOING OFFER DETAILS

<p><b>Ongoing Offer Period</b> This is the date from which the scheme will reopen for subscriptions/ redemptions after the closure of the NFO period.</p>	<p>Being a close - ended scheme, the investors may subscribe to the units of the scheme only during the New Fund Offer Period.</p>
<p><b>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the Mutual Fund) by investors.</b></p>	<p>Units cannot be subscribed after the closure of NFO. However the Units can be traded on the Stock Exchange post listing. Since the Scheme is close-ended, switch-in facility is not available subsequent to NFO period. This provision would be applicable to intra-scheme switches also.</p>
<p><b>Ongoing price for redemption (sale)/ switch outs (to other schemes/plans of the Mutual Fund) by investors</b></p>	<p>Units will be redeemed only at the time of maturity at the applicable NAV. However the Units can be traded on the Stock Exchange post listing. Since the Scheme is close-ended, switch-out facility is not available subsequent to NFO period. This provision would be applicable to intra-scheme switches also.</p>
<p><b>Cut off timing for redemptions/switches</b> This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Not Applicable as units under the Scheme will be redeemed only at the time of maturity at the applicable NAV.</p>
<p><b>Where can the applications for redemption/ switches be submitted?</b></p>	<p>The Units can be traded on the Stock Exchange post listing. However, with respect to switch-outs at the time of maturity, the details of the official points of acceptance are given on the back cover page.</p>
<p><b>Minimum amount for redemption/ switches</b></p>	<p>No redemptions are permitted till the maturity of the Scheme.</p>
<p><b>Minimum balance to be maintained and consequences of non maintenance</b></p>	<p>Not Applicable</p>
<p><b>Special Products/facilities available</b></p>	<p>Since this is a close ended scheme, special features such Systematic Investment Plan, Systematic Transfer Plan &amp; Systematic Withdrawal Plan shall not be available. Switching options shall not be available post NFO Period.</p>
<p><b>Account Statement</b></p>	<p>An Account Statement will be sent by ordinary post / courier / email not later than 30 Business Days from the close of the New Fund Offer Period. The Account Statements shall be non-transferable.  In case of those unit holders, who hold units in physical form, an Account Statement</p>

	<p>reflecting the net balance of the Unitholder will be mailed to the Unitholder by ordinary post /courier / email after every financial transaction is effected, except in unforeseen circumstances (Financial Transaction would mean Dividend declaration, if any and redemption at maturity). The Account Statement shall not be construed as a proof of title and is only a computer-printed statement indicating the details of transactions under the Scheme. Under normal circumstances on an on-going basis, an Account Statement reflecting the holdings will be despatched to those unit holders, who hold units in physical form normally within 3 Business Days of acceptance of the valid request for the Scheme. Provided that the Mutual Fund / Trustee / AMC reserves the right to reverse the transaction of crediting Units in the Unitholder's account, in the event of non-realisation of any cheque or other instrument remitted by the investor.</p> <p>The Unitholders, who hold units in physical form, may request for an account statement at any time during the tenor of the scheme by writing to the AMC / OPAT Centres. Unitholders are requested to provide their e-mail ids for receipt of all correspondences including account statements using e-mail as the mode of communication. If the Unitholder experiences any difficulty in accessing the electronically delivered Account Statement, the Unitholder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advise the Mutual Fund of such difficulty within 24 Hours after receiving the e-mail would serve as an affirmation regarding the acceptance by the Unitholder of the Account Statement.</p> <p><b>Annual Account Statement</b></p> <ul style="list-style-type: none"> <li>◆ The Mutual Funds shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.</li> <li>◆ The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.</li> <li>◆ Alternatively, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</li> </ul>
<b>Dividend</b>	The dividend warrants shall be dispatched to the Unit holders within 30 days of the date of declaration of the dividend.
<b>Redemption</b>	<p>As the Scheme is being listed, investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund only on the maturity of the Scheme. The redemption proceeds shall be dispatched to the unit holders within 10 working days from the date of maturity of the Scheme.</p> <p>However, under normal circumstances, the Mutual Fund will endeavour to despatch the redemption proceeds within 3 Business Days from the date of maturity of the Scheme.</p>
<b>Delay in payment of redemption/ repurchase proceeds</b>	The Asset Management Company shall be liable to pay interest to the Unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).
<b>Bank Account Details</b>	As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications for purchase or redemption of Units. If the Unit-holder fails to provide the Bank mandate, the request for redemption would be considered as not valid and the Fund retains the right to withhold the redemption until a proper bank mandate is furnished by the Unit-holder and the provision with respect of penal interest in such cases will not be applicable/ entertained. It may be noted that, in case of those unit holders, who hold units in demat form, the bank mandate available with respective Depository Participant will be treated as the valid bank mandate for the purpose of payout at the time of maturity or at the time of any corporate action.

## C. PERIODIC DISCLOSURES

<p><b>Net Asset Value</b> 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 AMC will disclose the first NAV of the Scheme not later than 30 days from the closure of New Fund Offer Period of the Scheme. The Mutual Fund shall declare the Net Asset value of the scheme on every business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 9.00 p.m. and also on their website -<a href="http://www.fortisinvestments.in">www.fortisinvestments.in</a>. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bi- monthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.</p> <p>The NAV shall be calculated for all business days and shall be published at least in two daily newspapers every day.</p> <p>Since the Scheme is proposed to be listed on a recognized Stock Exchange, the listed price would also be available on that Stock Exchange.</p>
<p><b>Half Yearly Disclosures: Portfolio/ Financial Results</b> This is the list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The mutual fund shall publish a complete statement of the Scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March &amp; 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located.</p> <p>The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement (if applicable).</p>

# Fortis Mutual Fund

## Half Yearly Results

The mutual fund and Asset Management Company shall before the expiry of one month from the close of each half year that is on 31st March and on 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.

## Annual Report

Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unit holders within four months from the date of closure of the relevant accounts year i.e. 31st March each year.

## Associate Transactions

Please refer to Statement of Additional Information (SAI).

## Taxation

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

	Domestic Company ** Income-tax Rate Applicable	Mutual Fund Income distribution tax rate
<b>Debt Fund</b> Tax on Dividend	NIL	14.1625 percent (inclusive of surcharge and education cess) on income distributed to any person being an individual by a fund other than a money market mutual fund or a liquid fund.  22.66% (inclusive of surcharge and education cess) on income distributed to a domestic companies by a fund other than a money market mutual fund or a liquid fund.
<b>Capital Gains:</b> Long term	With Indexation: 22.66% Without Indexation: 11.33%	
Short Term	33.99%	

\*\* The Tax Rates include Surcharge @ 10% on the amount of tax, Education Cess @ 2% on the amount of tax inclusive of surcharge and Secondary and Higher Education Cess @1% on the amount of tax inclusive of surcharge. Please note that surcharge @10% would be applicable in case of companies whose income exceeds INR 10 million in a financial year.

For detailed discussion on taxation aspects please refer to the clause on taxation in the SAI.

## Investor Relations Officer

**Mr. Shridhar Iyer**  
**Fortis Investment Management (India) Private Limited**  
 101, 10th Floor, Sakhar Bhavan, Nariman Point, Mumbai - 400 021  
 Phone: 66560000  
 Fax: 66560040  
 E-mail : customercare@fortisinvestments.in

## D. COMPUTATION OF NAV

The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI Regulations, or such norms as may be specified by SEBI from time to time.

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

$$\text{NAV per Unit (Rs.)} = \frac{\text{Market or Fair Value of the Plan's Investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Plan}}$$

Separate NAVs will be calculated and announced for each of the Options under the Plan(s) & Sub-Plans of the Scheme. The NAVs will be rounded off up to 4 decimal places for the Scheme. The Units will be allotted up to 3 decimal places.

## E. ROLL-OVER FACILITY

At the time of maturity, if it is perceived that the market outlook for similar securities/ instruments is positive and investment in similar kind of instruments is likely to fetch better returns for the investors, then in the interest of the Investor, the Trustees may decide to roll-over the scheme.

This would be based on demand/ request of the investors for the same. All other material details of the scheme/plans including the likely composition of assets immediately before the roll over, the net assets and net asset value of the Scheme will be disclosed to the unitholders. Such rollover will always be permitted only in case of those unitholders who express their consent in writing

The unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holding in full at net asset value based price.

## IV. FEES AND EXPENSES

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

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

In terms of SEBI Circular no. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009, no entry load will be charged for purchase/additional purchase/ switch-in accepted by the Fund with effect from August 01, 2009. Thus, the entire amount received from the Unit Holder will be available for investment. NFO expenses, if any shall be borne by the AMC.

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc as given in the table below:

The AMC has estimated that up to 2.25% the daily average net assets of the scheme to be charged to the scheme as expenses. As per the SEBI Regulations, the maximum recurring expenses including the investment management and advisory fee that can be charged to the Scheme shall be subject to a percentage limit of average daily net assets as given in the table below. Expenses over and above the prescribed ceiling will be borne by the AMC.

First Rs. 100 Crores	Next Rs. 300 Crores	Next Rs. 300 Crores	Over Rs. 700 Crores
2.25%	2.00%	1.75%	1.50%

The AMC has estimated the annual recurring expenses under the Scheme as per the table below:

Particulars	% of Net Assets
Investment Management & Advisory Fee	1.25
Custodial Fees	0.10
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/ redemption cheques/ warrants etc	0.14
Marketing & Selling Expenses including Agents Commission and statutory advertisement	0.10
Brokerage & Transaction Cost pertaining to the distribution of units	0.50
Audit Fees/ Fees and expenses of trustees	0.06
Costs related to investor communications	0.04
Costs of fund transfer from location to location	0.01
Other expenses (including Listing Fees)	0.05
<b>Total Recurring Expenses</b>	<b>2.25</b>

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

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per SEBI (MF) Regulations.

The mutual fund would update the current expense ratios on the website within two working days mentioning the effective date of the change.

### 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 the AMC ([www.fortisinvestments.in](http://www.fortisinvestments.in)) or call your distributor.

Type of Load	Load Chargeable (as %age of NAV)
Entry	Nil
Exit	Nil

The load structure is subject to change from time to time and such changes shall be implemented prospectively. As per the Regulations, the repurchase price of units of a close-ended scheme shall not be lower than 95% of the NAV. With effect from August 01, 2009, no entry load will be charged by the Scheme to the investor. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor.

Subject to the SEBI Regulations as amended from time to time, the AMC / Trustee reserve the right to modify / alter the load structure and may decide to introduce a differential load structure on the Units subscribed / redeemed on any Business Day under each Plan(s) / Option(s). Such changes will be applicable for prospective investments. At the time of changing the load structure, the AMC shall take the following steps:

- ◆ The addendum detailing the changes shall be attached to Scheme Information Documents and Key Information Memoranda. The addendum will be circulated to all the distributors so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.
- ◆ Arrangements shall be made to display the changes/modifications in the Scheme Information Document in the form of a notice in all the ISCs' and distributors' offices.
- ◆ The introduction of the load/ CDSC along with the details shall 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.
- ◆ Any other measures which the Mutual Fund may feel necessary.

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.

### D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

In accordance with the requirements specified by the SEBI circular no. SEBI/ IMD/ CIR No. 4/ 168230/09 dated June 30, 2009 no entry load will be charged for purchase/additional purchase/ switch-in accepted by the Fund with effect from August 01, 2009.

Hence, this section is not applicable.

## V. RIGHTS OF UNITHOLDERS

Please refer to the SAI for details.

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

*All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income/revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.*

NIL

*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 & 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. The details of the violation shall also be disclosed.*

NIL

*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 should also be disclosed separately.*

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, shall also be disclosed.*

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.

This Scheme Information Document has been approved by the Trustees on August 5, 2009.

The Trustees have ensured that before launch of the Scheme the in principle approval for listing has been obtained from the stock exchange(s) & appropriate disclosure has been made in the SID.

## LIST OF COLLECTION CENTRES (DURING NEW FUND OFFER PERIOD)

### AMC INVESTOR SERVICE CENTRES :

---

<b>Mumbai</b>	: Brady House, 2nd Floor, 12 / 14, Veer Nariman Road, Fort, Mumbai - 400 023.
<b>Bengaluru</b>	: 403, 4th Floor, HM Geneva House, Cunningham Road, Bengaluru - 560 052.
<b>Chennai</b>	: Old No. 48, New No. 99/1, Mahatma Gandhi Road, (Nungambakkam High Road), Chennai-600 034.
<b>Hyderabad</b>	: ABK Olbee Plaza, No. 502, 5th Floor, A-2-618 / 8 & 9, Road No. 1 & 11, Banjara Hills, Hyderabad - 500 034.
<b>Kolkata</b>	: 6th Floor, Suite No. 601, Lords Building, 7/1, Lord Sinha Road, Kolkata - 700 071.
<b>New Delhi</b>	: Hansalaya Building (1st Floor), 15, Barakhamba Road, New Delhi - 110 001.
<b>Pune</b>	: Office No. 7, 3rd Floor, Suyash Plaza, 189 A, Bhandarkar Road, Pune - 411 004.
<b>Ahmedabad</b>	: 3rd Floor, 302, VIVA Complex, Near Parimal Garden, Ellisbridge, Ahmedabad - 380 006.

---

### CAMS INVESTOR SERVICE CENTRES :

---

<b>Surat</b>	: Office No. 2 Ahura-Mazda Complex, First Floor, Sadak Street, Timalyawad, Nanpura, Surat - 395 001.
<b>Vadodara</b>	: 103, Aries Complex, BPC Road, Off R. C. Dutt Road, Alkapuri, Vadodara - 390 007.
<b>Goa</b>	: No.108, 1st Floor, Gurudutta Bldg, Above Weekender, M G Road, Goa - Panaji (Goa) - 403 001.
<b>Indore</b>	: 101, Shalimar Corporate Centre, 8-B, South Tukogunj, Opp. Greenpark, Indore - 452 001.
<b>Jaipur</b>	: R-7, Yudhisthir Marg, C-Scheme, Behind Ashok Nagar Police Station, Jaipur - 302 001.
<b>Kanpur</b>	: I Floor 106 to 108, City Centre, Phase II, 63/ 2, The Mall, Kanpur - 208 001.
<b>Lucknow</b>	: Off # 4, 1st Floor, Centre Court Building, 3/C, 5 - Park Road, Hazratganj, Lucknow - 226 001.
<b>Mangalore</b>	: No. G 4 & G 5, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore - 575 003.
<b>Patna</b>	: Kamlalaye Shobha Plaza, Ground Floor, Near Ashiana Tower, Exhibition Road, Patna - 800 001.
<b>Visakhapatnam</b>	: 47 / 9 / 17, 1st Floor, 3rd Lane, Dwaraka Nagar, Visakhapatnam - 530 016.

---

### CAMS TRANSACTIONS POINTS :

---

<b>Cochin</b>	: 40 / 9633 D, Veekshanam Road, Near International Hotel, Cochin - 682 035.
<b>Coimbatore</b>	: Old # 66 New # 86, Lokamanya Street (West), Ground Floor, R. S. Puram, Coimbatore - 641 002.
<b>Guwahati</b>	: A. K. Azad Road, Rehabari, Guwahati - 781 008.
<b>Jamshedpur</b>	: Millennium Tower, "R" Road, Room No. 15, First Floor, Bistupur, Jamshedpur - 831 001.
<b>Ludhiana</b>	: U/ GF, Prince Market, Green Field, Near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, Ludhiana - 141 002.
<b>Margao</b>	: Virginkar Chambers, I Floor, Near Kamath Milan Hotel, New Market, Near Lily Garments, Old Station Road, Margao - 403 601.
<b>Moradabad</b>	: B-612 'Sudhakar', Lajpat Nagar, Moradabad - 244 001.
<b>Hubli</b>	: 206 & 207, 1st Floor, 'A' Block, Kundagol Complex, Opp. Court, Club Road, Hubli - 580029.
<b>Kolhapur</b>	: AMD Sofex Office No. 7, 3rd Floor, Ayodhya Towers, Station Road, Kolhapur - 416001.
<b>Nasik</b>	: Ruturang Bungalow, 2 Godavari Colony, Behind Big Bazar, Near Boys Town School, Off College Road, Nasik - 422005.
<b>Panipat</b>	: 83, Devi Lal Shopping Complex, Opp. ABN Amro Bank, G.T. Road, Panipat - 132103.
<b>Salem</b>	: No. 2, I Floor Vivekananda Street, New Fairlands, Salem - 636016.
<b>Siliguri</b>	: No 8, Swamiji Sarani, Ground Floor, Hakimpura, Siliguri - 734001.
<b>Thiruppur</b>	: 1(1), Binny Compound, II Street, Kumaran Road, Thiruppur - 641601.
<b>Trichy</b>	: No 8, I Floor, 8th Cross West Extn. Thillainagar, Trichy - 620018.
<b>Udaipur</b>	: 32 Ahinsapuri, Fatehpura Circle, Udaipur - 313004.

---

Applications for switch will be accepted only at AMC Investor Service Centres and CAMS Investor Service Centres during the New Fund Offer period.

## Fortis Investments

**Fortis Investment Management (India) Private Limited**

101, 10th Floor, Sakhar Bhavan, Nariman Point, Mumbai 400 021.

Tel. : 91-22 6656 0000 • website : [www.fortisinvestments.in](http://www.fortisinvestments.in)