Daiwa
Asset Management

SCHEME INFORMATION DOCUMENT

DAIWA EQUITY FUND

(An open ended equity scheme)

Offer of Units of Rs. 10/- each for cash during the New Fund Offer and continuous offer for Units at applicable NAV based prices

New Fund Offer opens on : dd/mm/2011
New Fund Offer closes on : dd/mm/2011
Scheme re-opens on : dd/mm/2011

Name of Mutual Fund:
Daiwa Mutual Fund

Name of Asset Management Company:
Daiwa Asset Management (India) Private Limited

Name of Trustee Company:
Daiwa Trustee Company (India) Private Limited

Address (common for all the entities):
Registered Office: 5th floor, Harchandrai House, 81, Maharshi Karve Road, Marine Lines, Mumbai – 400002.

Website:
www.daiwafunds.in

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (hereinafter 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 Centers / Website / Distributors or Brokers. Please retain this Document for future reference.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Daiwa Mutual Fund, tax and legal issues and general information, on www.daiwafunds.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 www.daiwafunds.in.

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

This Scheme Information Document is dated [•].

Daiwa Asset Management

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I. HIGHLIGHTS / SUMMARY OF THE SCHEME

Name of the Scheme	Daiwa Equity Fund
Type of Scheme	An open-ended equity scheme.
Investment Objective	The Scheme seeks to generate long-term growth of capital by investing in a diversified portfolio of predominantly equity and equity-related securities. However, there is no assurance that the investment objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns.
Options and sub-options	The Scheme offers two options: Growth and Dividend. Growth option: No Dividend will be declared under the Growth option. Dividend option: The Dividend option offers Dividend Payout and Dividend Reinvestment sub-options. Dividend will be declared subject to availability and adequacy of distributable surplus. The aforesaid options (including sub-options thereunder) will have the same portfolio. Investors must clearly indicate their choice of option (i.e. Growth or Dividend) in the relevant space provided for in the Application Form. In the absence of such clear instructions it will be assumed that the investor has opted for the "Default" option / sub-option and the application will be processed accordingly. Here: Default option: Growth option (between Growth and Dividend). Default sub-option: Dividend Reinvestment sub-option (between Reinvestment and Payout). Kindly note that if the Dividend under Payout sub-option is less than or equal to Rs. 500/- then it will be reinvested by default.

<table>
<tr><td></td><td>NAV in respect of each of the options shall be same till the first Dividend is declared. Subsequently, there will be different NAVs for each option.

The AMC and the Trustee reserve the right to introduce such other plans / options / sub-options as they deem necessary from time to time, in accordance with the SEBI (MF) Regulations.</td></tr>
<tr><td>Minimum Initial Application Amount</td><td>Rs. 5,000/- and in multiples of Re. 1/- thereafter.</td></tr>
<tr><td>Minimum Additional Application Amount</td><td>Rs. 500/- and in multiples of Re. 1/- thereafter.</td></tr>
<tr><td>Minimum Redemption Amount</td><td>The minimum amount for Redemption must be Rs.500/- or equivalent Unit value and in multiples of Re.1/- thereafter. In case the Unit balance in a folio subsequent to a Redemption request falls below Rs. 500/-, all Units under that folio will be redeemed.</td></tr>
<tr><td>New Fund Offer (NFO) of the Scheme opens on</td><td>DD-MM-YYYY</td></tr>
<tr><td>NFO of the Scheme closes on</td><td>DD-MM-YYYY</td></tr>
<tr><td>Scheme re-opens on</td><td>DD-MM-YYYY</td></tr>
<tr><td>Load Structure during New Fund Offer and Ongoing Offer Periods</td><td>
<table>
<tr><th>Load</th><th>Particulars</th><th>Load (% of Applicable NAV)</th></tr>
<tr><td>Entry Load</td><td colspan="2">Not Applicable</td></tr>
<tr><td>Exit Load</td><td>If the Units are redeemed/switched-out within one year from the date of allotment</td><td>1%</td></tr>
<tr><td></td><td>If the Units are redeemed/switched-out after one year from the date of allotment</td><td>Nil</td></tr>
</table>

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 Mutual Fund.</td></tr>
</table>

	Similarly, no Entry Load will be charged with respect to applications for registrations under Systematic Investment Plans / Systematic Transfer Plans accepted by the Mutual Fund. The upfront commission on investment made by the investor, if any, shall be paid to the AMFI registered distributor directly by the investor, based on the investor's assessment of various factors including service rendered by the distributor. No Entry Load/Exit Load is chargeable in case of Switch-in and Switch-out made between different options of the Scheme. Further as per SEBI circular no. SEBI/IMD/CIR No. 14/120784/08 dated March 18, 2008, no Load (Entry Load as well as Exit Load) will be charged by the AMC on bonus Units and Units allotted on reinvestment of Dividends. Please refer to **Section IV(C) Load Structure** in this SID for further details. The AMC / Trustee reserve the right to introduce/ change the load structure on a prospective basis. The AMC/Trustee may charge additional load/expense or any other charge (by whatever name called) to the Scheme/Unit Holders on a prospective basis, as may be permitted under the SEBI Regulations.
Liquidity	On an ongoing basis, the Scheme will offer Units for Purchase/Switch-in and Redemption/Switch-out at NAV based prices on every Business Day commencing from not later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of allotment of Units. The Mutual Fund shall endeavor to dispatch the Redemption proceeds within 3 Business Days but not later than 10 Business Days from the date of receipt of a valid Redemption request.
Dematerialization of Units	The Unit Holders are given an option to hold the units by way of an Account Statement (Physical

	form) or in Dematerialized ("Demat") form. Mode of holding shall be clearly specified in the Application 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 is required to have a beneficiary account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to indicate in the Application Form, the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP. In case Unit Holders do not provide their Demat Account details, an Account Statement shall be sent to them.
Benchmark Index	BSE-200 index
Transparency / NAV Disclosure	The AMC will calculate and disclose the first NAV(s) of the Scheme not later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of allotment of Units. Subsequently, the NAVs will be calculated and disclosed on every Business Day. The NAVs shall be published at least in two national daily newspapers (alongwith Sale and Repurchase Prices). The NAVs declared, will also be uploaded on the AMFI website (www.amfiindia.com) and on the Mutual Fund's website (www.daiwafunds.in) before 9.00 p.m. on every Business Day. If the NAVs are not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV. NAV details may also be obtained by calling the toll-free number 1-800-419-5000 or the investor care number 6000 5555 of the AMC. The AMC will disclose details of the portfolio of the Scheme including unaudited financial results of the Mutual Fund on a half yearly basis in at

	least one national English daily newspaper and one Marathi daily newspaper as per SEBI (MF) Regulations. The same shall also be displayed on the websites of the Mutual Fund (www.daiwafunds.in) and AMFI (www.amfiindia.com).
Product differentiation	The Scheme viz. Daiwa Equity Fund seeks to generate long-term growth of capital by investing in a diversified portfolio of predominantly equity and equity related securities, without any restriction on market capitalization. The fund manager will alter the equity and short-term debt/cash component in the Scheme depending on the valuations of the equity market. The BSE Sensitive Index (SENSEX) will be used as the measure for the equity market. The Scheme will shift its allocation to equities in the range 65% to 100% of the AUM, while maintaining an average 65% allocation to equities throughout every financial year. The fund manager will use the one-year forward Price Earnings (P/E) multiple of the SENSEX, the expected one-year forward earnings growth rate for the SENSEX constituents and the SENSEX P/E multiple premium to other emerging markets, as measured by the MSCI Emerging Markets Index P/E multiple, to adjust the equity proportion in the Scheme. Daiwa Industry Leaders Fund ("DILF"), an open ended equity scheme, would invest predominantly in a diversified portfolio constituting equity and equity-related securities of companies that the fund manager believes are "industry leaders" and which have sustainable business models and potential for income and capital appreciation. An industry leader is defined as a company which, in the opinion of the fund manager, complies with any one of the three parameters specified in the Scheme Information Document of DILF.

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I. INTRODUCTION

A. RISK FACTORS

Standard Risk Factors

- Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuate due to various factors affecting the securities markets including price and volume volatility and liquidity and settlement systems in the capital market, interest rates, currency exchange rates, closure of stock exchanges, changes in law / policies of the Government, taxation laws and political, economic or other developments having a bearing on the securities market in general, a specific sector or sectors or specific securities, the value of your investment in the Scheme may go up or down. Mutual funds, like securities investments, are subject to market risks and there is no guarantee against loss in the Scheme or that the objectives of the Scheme will be achieved.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme and it 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/- made towards setting up the Mutual Fund.
- The present Scheme is not a guaranteed or assured return scheme.

Scheme Specific Risk Factors

(a) Risks associated with investing in equity and equity related securities

(i) Investments in equity and equity related securities involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risk of losing their investment.

(ii) Equity and equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme's portfolio may result, at times, in potential losses to the Scheme, if there is a subsequent decline in the value of the securities held in the Scheme's portfolio.

(iii)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 the target date of divestment.

(b) Risks associated with investing in derivatives

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- Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivative products are highly 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.

- As and when the Scheme trades in derivative products, there are risk factors and issues concerning the use of derivatives that investors should understand. 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 manage the risks as a result of the possible failure of the counterparty to comply with the terms of the derivative contract.

- Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to:
  - Credit Risk – this occurs when a counterparty defaults on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counter party, at the then prevailing (possibly unfavorable) market price, in order to maintain the validity of the hedge.
  - Market Liquidity Risk, where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
  - Model Risk, the risk of mis–pricing or improper valuation of derivatives.
  - Basis Risk, which arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter–related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets.

- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility in the values.

(c) Risks associated with investing in debt securities

(i) Interest rate risk

Investments in debt securities are subject to interest rate risk as changes in interest rates may affect the NAV of the Scheme. The price of a fixed income instrument falls when the interest rates move up and vice-a-versa. The effect is more pronounced when the duration of the instrument is higher. Hence, the NAV movement of a Scheme consisting of predominantly fixed income securities is likely to have inverse correlation with the movement in interest rates. In case of a floating rate instrument, this risk is lower as a result of periodic reset of the coupon.

(ii) Credit risk

This refers to the inability of the issuer of the debt security to make timely payments of principal and / or interest due. It is reflected in the credit rating of the issuer. Hence if the credit rating of the issuer is downgraded, the price of the security will suffer a loss and the NAV will fall. Credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon and deferred interest kind bonds. Lower rated zero coupon and deferred interest kind bonds carry an additional risk in that, unlike bonds that pay interest through the period of maturity, the Scheme by investing in these bonds will realize no cash till the cash payment date and if the issuer defaults, the Scheme may obtain no return on its investment.

(iii)Price Risk

As long as the Scheme is invested, the instruments are subject to daily price fluctuations. These fluctuations may be due to instrument specific factors as well as macro-economic conditions.

(iv)Spread risk

Though the sovereign yield curve might remain constant, investments in corporate bonds are exposed to the risk of spread widening between corporate bonds and gilts. Typically, if this spread widens, the prices of the corporate bonds tend to fall and so could the NAV of the Scheme. Similar risk prevails for the investments in the floating rate bonds, where the benchmark might remain unchanged, but the spread over the benchmark might vary. In such an event, if the spread widens, the price and the NAV could fall.

(v) Liquidity risk

This represents the possibility that the realised price from selling the security might be lesser than the valuation price as a result of illiquid market. If a large outflow from the Scheme is funded by selling some of the illiquid securities, the NAV could fall even if there is no change in interest rates. Illiquid securities are typically quoted at a higher yield than the liquid securities and have higher bid offer spreads. Investment in illiquid securities results in higher current yield for the portfolio. Liquidity risk is a characteristic of the Indian fixed income market today.

The inability to sell securities held in the Scheme's portfolio, due to the absence of a well developed and liquid secondary market for debt securities, may result at times in potential losses to the Scheme in the event of a subsequent decline in the value of securities held in the Scheme's portfolio.

Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. Within the regulatory limits, the AMC may choose to invest in unlisted securities.

(vi) Reinvestment risk

This is associated with the fact that the intermediate cash flows (coupons, prepayment of principal in case of securitised transactions or principal payment in case a security gets called or repurchased) may not be reinvested at the same yield as assumed in the original calculations. In case of securitised debt, changes in market interest rates and pre-payments may not change the absolute amount of receivables for the investors but may have an impact on the re-investment of the periodic cash flows that an investor receives on securitised papers.

(vii) Settlement risk

Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are uninvested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities.

(viii) Market risk

Lower rated or unrated securities are more likely to react to developments affecting the market and the credit risk than the highly rated securities which react primarily to movements in the general level of interest rates. Lower rated or unrated securities also tend to be more sensitive to economic conditions than higher rated securities.

(ix) Pre-payment risk

Asset securitization is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. In the event of pre-payment of the underlying debt, investors may be exposed to changes in tenor and yield.

(d) Risks associated with investing in Securitised Debt

- The Scheme may be exposed to risks associated with investing in asset backed securities (ABS), i.e. securitised debt. The underlying assets in the case of investment in securitised debt could be mortgages [being mortgage backed securities (MBS)] or other assets like credit card receivables, automobile / vehicle, consumer durables, personal, commercial or corporate loans and any other receivables, loans or debt.

- Different types of securitised debt / structured instruments carry different levels and types of risks and the NAV of the Scheme may, to the extent that its assets are invested in such instruments, fluctuate depending on the value of such instruments. For instance, credit risk on securitised bonds depends upon the credit worthiness of the originator and would vary depending on whether such bonds are issued with recourse to the originator or otherwise (a structure with recourse will have a lower credit risk than a structure without recourse). Even within securitised debt, AAA rated securitised debt offers lesser risk of default than AA rated securitised debt. Changes in / withdrawal of the credit rating of the instruments issued by the originator may affect the value of the Scheme's investments and consequently, the NAV of the Units.

- Underlying assets in securitised debt may assume different forms and the general types of receivables include Auto Finance, Credit Cards, Personal Loans/Receivables, Home Loans/Receivables, Corporate Loans/Receivables and other retail loans. Credit risks relating to these types of receivables depend upon various factors including macro economic factors impacting each of these industries. Specific factors like nature and adequacy of property mortgaged against these borrowings and the nature of loan agreement/ mortgage deed in case of Home Loans, adequacy of documentation in case of Auto Finance and Home Loans, capacity of the borrower to meet its obligations in case of Credit Cards and intentions of the borrower influence the risks relating to the asset borrowings underlying the securitised debt.

- If a court/regulatory authority concludes that the sale from the originator to the securitisation trust was not a "true sale", the Scheme may, in the event that it has invested in instruments issued by such trust, experience losses or delays in the payments due and the NAV of the Units may be affected thereby. Care is generally taken while structuring the transaction so as to minimize the risk of the sale to the trust not being construed as a "true sale" and legal opinion confirming that the sale constitutes a true sale is usually obtained.

- Presently, the secondary market for securitised papers is not very liquid and there is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the Scheme to resell such securities. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

- In case of securitised debt, changes in market interest rates and pre-payments may not change the absolute amount of receivables for the investors but may have an impact on the re-investment of the periodic cash flows that an investor receives on securitised papers.

- Securitised debt papers carry credit risk of the obligors and are dependent on the servicing of the Pass Through Certificates, Contributions, etc. However, these are offset suitably by appropriate pool selection as well as credit enhancements specified by Credit Rating Agencies. However, the credit enhancement stipulated in a securitization transaction represents a limited loss cover only. Delinquencies and credit losses may cause depletion of the amount available under the cash collateral account and thereby the scheduled payouts of the investors may get affected if the amount available in the cash collateral account is not enough to cover the shortfall. In cases where the underlying facilities are linked to benchmark rates, the securitized debt papers may be adversely impacted by adverse movements in benchmark rates. However, this risk is mitigated to an extent by appropriate credit enhancement specified by Credit Rating Agencies.

  Risk of Co-mingling

  The servicers normally deposit all payments received from the obligors into the collection account. However, there could be a time gap between collection by a servicer and depositing the same into the collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the loan agreements may not be segregated from other funds of the servicer. If the servicer fails to remit such funds due to investors, the investors may be exposed to a potential loss. Due care is normally taken to ensure that the servicer enjoys highest credit rating on stand alone basis to minimize co-mingling risk.

Additional disclosures with respect to investments in securitized debt by the Scheme

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1. Risk profile of securitized debt vis-a-vis risk appetite of the Scheme

Investment in securitized debt is associated with additional risks as mentioned above. Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, the Scheme may invest in securitized debt up to the limits specified in the asset allocation table below.

2. Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.

It is important to analyse the credentials of the originator especially in case of retail loans. An originator is the person who has initially given the loan and who is usually responsible for servicing the loan (i.e. collecting the interest and principal payments). The Scheme will invest in securitized debt originated by banks, Non-Banking Finance Companies, Housing Finance Companies and other issuers of investment grade credit quality and established track record. The fund manager will evaluate originators based on the following parameters :

- ✓ Track record;
- ✓ Willingness to pay;
- ✓ Ability to pay;
- ✓ Business risk assessment, wherein the outlook for the economy (domestic and global), outlook for the industry and company specific factors will be considered.

In addition, a detailed review and assessment of rating rationale will be done including interactions with the originator as well as the credit rating agency. The following additional evaluation parameters will be used to evaluate the originator/underlying issuer for pool loan and single loan securitization transactions :

- ✓ Default track record/frequent alteration of redemption conditions/covenants;
- ✓ High leverage ratios of the ultimate borrower (for single-sell downs) - both on a standalone basis as well on a consolidated level/group level;
- ✓ Higher proportion of reschedulement of underlying assets of the pool or the underlying loan, as the case may be;
- ✓ Higher proportion of overdue assets of the pool or the underlying loan, as the case may be;
- ✓ Reputation in market;
- ✓ Insufficient track record of servicing of the pool or the loan, as the case may be.

3. Risk mitigation strategies for investments with each kind of originator

As explained above, it is important to analyse the credentials of the originator especially in case of retail loans as the size and reach affects the credit quality and servicing of the Pass Through Certificate ("PTC"). In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower will be analyzed while in case of diversified pools of loans, the overall characteristic of the loans will be analyzed to determine the credit risk. The fund manager will conduct ageing analysis (i.e. how long the loan has been with the originator before securitization) to evaluate the performance potential of the PTC. Securitization transactions may include some risk mitigants (to reduce credit risk) such as interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche), guarantees, etc.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

The fund manager would endeavour to ensure that majority of the securitized debt investments of the Scheme comprises of asset backed pools with underlying assets as medium and heavy commercial vehicles, light commercial vehicles, cars, construction equipment etc. Where the Scheme invests in single loan securitization, emphasis would be laid on the credit review of the borrower. The fund manager/credit analyst will set up limits for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials. The fund manager/credit analyst will also take into account the following factors, to ensure diversification of risk and measures identified for less diversified investments :

- ✓ Size of the loan
- ✓ Average original maturity of the pool
- ✓ Default rate distribution
- ✓ Geographical distribution
- ✓ Risk tranching
- ✓ Credit enhancement facility
- ✓ Liquid facility
- ✓ Structure of the pool
- ✓ Loan to Value Ratio
- ✓ Average seasoning of the pool

Characteristics / Type of pool	**Mortgage Loan**	**Commercial Vehicle and Construction Equipment**	**Car**	**2-wheeler**	**Personal Loan**
Approximate average maturity	2 years to 10 years	1 year to 3 years	1 year to 3 years	2 years to 3 years	0.5 years to 3 years
Collateral margin (including cash guarantees, excess interest spread, subordinate tranche)	Upto 10%	Upto 15%	Upto 15%	Upto 15%	Upto 15%
Average Loan to Value Ratio	Upto 95%	Upto 95%	Upto 95%	Upto 95%	Unsecured
Average seasoning of the pool	3 months to 5 months	3 months to 6 months	3 months to 6 months	3 months to 5 months	1 month to 5 months
Maximum single exposure range	4% to 5%	3% to 4%	NA (Retail pool)	NA (Retail pool)	NA (Retail pool)
Average single exposure range	0.5% to 3%	0.5% to 3%	< 1% of the fund size	< 1% of the fund size	< 1% of the fund size

Notes :

(a) Retail pools are the loan pools relating to cars, 2-wheelers, personal loans, etc. wherein the average loan size is relatively small and spread over a large number of borrowers.
(b) The above information is based on the current scenario relating to the securitized debt market and is subject to change from to time depending on changes in the factors affecting the securitized debt market.

5 & 6. Minimum retention period of the debt by originator prior to securitization and minimum retention percentage by originator of debts to be securitized

Issuance of securitized debt is governed by the guidelines issued by RBI which *inter alia* cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized and minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum holding period and minimum retention requirement depends on the tenor and structure of the securitization transaction. The Scheme will invest in securitized debt which is compliant with the applicable laws and regulations.

7. The mechanism to tackle conflict of interest when the Mutual Fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the Mutual Fund

The Scheme shall invest in accordance with its investment objective and in terms of the investment policy of the Mutual Fund. All investments shall be made entirely at an arm's length basis with no consideration of any existing/consequent investments by any party related to the transaction (originator, issuer, borrower, etc.). Investments in securitized debt will be made as per the asset allocation pattern of the Scheme only after a detailed analysis of the underlying assets. It is possible that the originator may also invest in the Scheme; however, both the transactions will be at arm's length and avoid any conflict of interest.

8. In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

The fund management team has the experience to analyze securitized debt. In addition, credit research agencies provide analysis of individual instruments and pools. On an on-going basis (typically monthly) the loan servicer provides reports regarding the performance of the pool. These reports would form the base for ongoing evaluation wherever applicable. In addition, rating reports indicating rating changes would be monitored for changes in the opinion of the rating agency on the credit risk.

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(e) Risks associated with investing in Foreign Securities

Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in Foreign Securities including foreign equities, ADRs, GDRs, mutual funds and exchange traded funds, unlisted securities, government securities, corporate debt securities, money market instruments, repos not involving borrowing and short term deposits with overseas banks. Such investments carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.

It is the AMC's belief that investment in Foreign Securities offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme would invest only partially in Foreign Securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

Overseas investments will be made subject to any/all approvals, conditions thereof as may be stipulated under the SEBI Regulations or by RBI and provided such investments do not result in expenses to the Scheme in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Mutual Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian / sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses.

To the extent that the assets of the Scheme will be invested in Foreign Securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

(f) Risks associated with investing in money market instruments

(i) Investments in money market instruments would involve a moderate credit risk i.e. risk of an issuer's inability to meet the principal payments. Additionally, money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.

(ii) Money market instruments may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of credit worthiness of the issuer of such instruments. The AMC endeavours to manage such risk through the use of in-house credit analysis and credit ratings given by recognized rating agencies such as CRISIL, ICRA, FITCH, CARE, etc.

(iii)The NAV of the Scheme's Units, to the extent that the Scheme is invested in money market instruments, will be affected by the changes in the level of interest rates. When interest rates in the market rise, the value of a portfolio of money market instruments can be expected to decline.

(g) Risks associated with short selling and securities lending

Std. Ob. 6

Risks associated with short selling: The Scheme may enter into short selling transactions, subject to SEBI and RBI regulations in the matter. This will be done if the fund management team is of the view that there exists an opportunity to make trading gains. Short positions carry the risk of losing money and these losses may grow unlimited if the price of the stock increases without any limit. This may result in major loss to the Scheme. At times, the participants may not be able to cover their short positions, if the price increases substantially. If numbers of short sellers try to cover their position simultaneously, it may lead to disorderly trading in the stock and thereby can briskly escalate the price even further making it difficult or impossible to liquidate short position quickly at reasonable prices. In addition, short selling also carries the risk of inability to borrow the security by the participants thereby requiring the participants to purchase the securities sold short to cover the position even at unreasonable prices.

Risks associated with securities lending: The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

B. Requirement of minimum investors in the Scheme

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. However, if such limit is breached during the NFO of the Scheme, the Mutual Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the Units would be redeemed at Applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the

25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic Redemption by the Mutual Fund on the Applicable Net Asset Value on the 15th day of the notice period. The Mutual Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. Special Considerations

- From time to time and subject to the SEBI (MF) Regulations, the Sponsor, their affiliates, associates, subsidiaries and the AMC may invest directly or indirectly in the Scheme. The funds managed by these affiliates / associates may acquire a substantial portion of the Scheme's Units and collectively constitute a major investment in the Scheme. Accordingly, Redemption of Units held by such funds may have an adverse impact on the value of the Units of the Scheme because of the timing of any such Redemption and may affect the ability of other Unit Holders to redeem their respective Units.

- Neither this Document nor the Units have been registered in any jurisdiction other than India. The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this Document or any accompanying Application Form in such jurisdiction may treat this Document or such Application Form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such Application Form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such Application Form could lawfully be used without compliance of any registration or other legal requirements.

- Prospective investors should review / study this Document carefully and in its entirety (in conjunction with the SAI) and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (by way of sale, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalisation, disposal (by way of sale, transfer, switch or conversion into money) of Units within their jurisdiction of nationality, residence, incorporation, domicile, etc. or under the laws of any jurisdiction to which they or any managed funds to be used to Purchase / gift Units are subject and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding Units before making an application for Units.

- Daiwa Mutual Fund / the AMC / the Trustee have not authorised any person to give any information or make any representations, either oral or written, not stated in this Document in connection with the issue of Units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this Document as the same have not been authorised by the Mutual Fund or the AMC. Any Subscription, Purchase or Sale made by any person on the basis of statements or representations which are not contained in this Document or which are inconsistent with the information contained herein shall be solely at the risk of the investor.

- The tax benefits described in this Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their interpretation may change. 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. In view of the individual nature of tax consequences, each investor is advised to consult his / her own professional tax advisor.

- As the liquidity of the Scheme's investments may sometimes be restricted by trading volumes, settlement periods and transfer procedures, the time taken by the Scheme for Redemption of Units may be significant in the event of an inordinately large number of Redemption requests or of a restructuring of the Scheme's portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit Redemptions (including suspend Redemptions) under certain circumstances.

- The Sponsor / Daiwa AMC is committed to complying with all applicable anti money laundering and KYC laws and regulations in all jurisdictions that it operates in. The Mutual Fund reserves the right to, in its sole and absolute discretion, reject applications for transactions in Units if requirements under anti-money laundering laws / regulations and/or KYC requirements are not satisfied. Please refer to Sections II and V of the Statement of Additional Information for details in relation to anti-money laundering and KYC requirements.

- If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to competent authorities under the PMLA and rules / guidelines issued thereunder by SEBI and / or RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under the PMLA and rules / guidelines issued thereunder by SEBI and / or RBI without obtaining the prior approval of the investor / Unit Holder / any other person.

Investors are urged to study the terms of the offer carefully before investing in the Scheme and retain this SID and the SAI for future reference.

D. Definitions, abbreviations and interpretation

In this Document, the following terms will have the meanings specified herein unless the context requires otherwise :

ADRs and GDRs	American Depository Receipts ("ADRs") are negotiable certificates issued to represent a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. dollars. Global Depository Receipts ("GDRs") are negotiable certificates held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.
Applicable Laws	The SEBI Regulations and all other applicable laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of SEBI and/or any other Governmental Agency in India.
Applicable NAV	For applications for Purchases/Redemptions/Switches accepted during the Ongoing Offer Period at the Investor Service Centres of the Mutual Fund on a Business Day up to the Cut-off time of the Scheme, the NAV of that day; and For applications for Purchases/Redemptions/Switches accepted during the Ongoing Offer Period at the Investor Service Centres of the Mutual Fund on a Business Day after the Cut-off time of the Scheme, the NAV of the next Business Day.
Application Form / Key Information Memorandum	A form to be used by an investor to open a folio and / or Purchase Units in the Scheme. Any modifications to the Application Form will be made by way of an addendum, which will be attached thereto. On issuance of such addendum, the Application Form will be deemed to be updated by the addendum.
Application Supported by Blocked Amount / ASBA	An application as defined in clause (d) of sub-regulation (1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Asset Management Company / AMC / Investment Manager	Daiwa Asset Management (India) Private Limited, a company incorporated under the Companies Act 1956, having its registered office at 5th floor, Harchandrai House, 81, Maharshi Karve Road, Marine Lines, Mumbai 400 002 and authorised by SEBI to act as the Asset Management Company/Investment Manager to the schemes of the

	Mutual Fund.
Business Day	A day not being: (a) A Saturday or Sunday; (b) A day on which both the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Limited are closed for business or clearing or settlement, whether or not the banks in Mumbai are open; (c) A day on which banks in Mumbai including the Reserve Bank of India (RBI) are closed for business; (d) A day on which Purchase and/or Redemption of Units is suspended or a book closure period is announced by the Trustee/AMC; (e) A day on which there is no RBI clearing or settlement of securities; (f) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time; (g) A day which is a public and/or bank holiday at the ISC where the application is received. However, if the ISC is open on such days, then Redemption and Switch requests will be accepted at the ISC provided it is a Business Day for the Scheme on an overall basis. All applications received on these Non Business Days will be processed on the next Business Day at Applicable NAV. Notwithstanding the above, the AMC reserves the right to change the definition of Business Day at its sole and absolute discretion and to declare any day as a Business Day or otherwise at any or all ISCs of the AMC or its Registrar.
Collection Bank(s)	The bank(s) with which the AMC has entered into an agreement, from time to time, to enable customers to deposit their applications for Units.
Contingent Deferred Sales Charge / CDSC	A charge to the Unit Holder upon exiting (by way of Redemption) based on the period of holding of Units. The SEBI (MF) Regulations provide that a CDSC may be charged only for a no-Load scheme and only for the first four years after the Purchase and caps the percentage of NAV that can be charged in each year.
Custodian	Citibank N.A., Mumbai registered under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, acting as Custodian for the Mutual Fund, and includes such Custodian(s) as may be appointed from time to time.
Cut-off time	A time prescribed in this Document upto which an investor

	can submit a Purchase/Redemption/Switch request, to be entitled to the Applicable NAV for that Business Day.
Day or Calendar Day	Any day (including Saturday, Sunday and holiday) as per the English Calendar.
Depository	A depository as defined in the Depositories Act, 1996 and includes National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).
Depository Participant	A person registered as a depository participant under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
Designated Collection Centres	ISCs and collection centres (other than ISCs) of Collection Bank(s) designated by the AMC for the acceptance of applications for Purchase of Units under the Scheme during the NFO Period. For clarity, Designated Collection Centres do not provide any investor or distributor services. The names and addresses are mentioned at the end of this Document and also in the Application Form.
Distributor	Such persons/firms/corporates that fulfills the criteria laid down by SEBI/AMFI from time to time and empanelled by the AMC to distribute/sell/market the schemes of the Mutual Fund.
Dividend	Income distributed by the Mutual Fund on the Units.
Entry Load	A Load charged to an investor on Purchase of Units based on the amount of investment or any other criteria decided by the AMC. Presently, Entry Load cannot be charged by mutual fund schemes.
Exit Load	A Load (other than CDSC) charged to the Unit Holder on exiting (by way of Redemption) based on period of holding, amount of investment or any other criteria decided by the AMC.
Floating rate instruments	Floating rate instruments are debt/money market instruments issued by Central/State Governments, corporates, PSUs, etc. with interest rates that are reset periodically. The periodicity of interest reset could be daily, monthly, annually or any other periodicity that may be mutually agreed between the issuer and the Mutual Fund.
Foreign Institutional Investor / FII	An entity registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
Foreign Securities	Any securities issued by issuers resident outside India. ADRs/GDRs issued by Indian companies are also included within the definition of foreign securities for the purposes of this Document.
Fund of Funds/ FOF	A mutual fund scheme that invests primarily in other

	schemes of the same mutual fund or other mutual funds.
IDR	Indian Depository Receipt ("IDR") means any instrument in the form of a depository receipt created by a custodian of securities registered with SEBI, against the underlying equity shares of a company incorporated outside India.
Investment Management Agreement / IMA	The agreement dated July 21, 2008 as amended on December 20, 2010 entered into between Daiwa Asset Management (India) Private Limited and Daiwa Trustee Company (India) Private Limited, as amended from time to time.
Investor Service Centre / ISC	Investor Service Centres, as designated from time to time by the AMC, whether of the Registrar or AMC's own branches, being official points of acceptance, authorized to receive Application Forms for Purchase/Redemption/ Switch and other service requests/queries from investors/Unit Holders.
Load	In case of Repurchase/Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Repurchase/Switch out (Exit Load) and in the case of Purchase/Switch in of a Unit, a sum of money to be paid by the prospective investor on the Purchase/Switch in of a Unit in addition to the Applicable NAV (Entry Load).
Market capitalization	Market value of the listed company, which is calculated by multiplying its current market price by number of its shares outstanding.
Mutual Fund	Daiwa Mutual Fund, a trust registered with SEBI under SEBI (MF) Regulations, vide Registration No. MF/060/09/01 dated January 7, 2011 (*formerly registered with SEBI vide Registration No. MF/060/09/01 dated February 10, 2009*).
Net Asset Value / NAV	Net Asset Value of the Units of the Scheme (including options therein) calculated in the manner provided in this Document or as may be prescribed by the SEBI (MF) Regulations from time to time.
New Fund Offer / NFO	The offer for Purchase of Units at the inception of the Scheme, available to the investors during the NFO Period.
New Fund Offer Period / NFO Period	The period being XXX, 2011 to XXX, 2011 subject to extension, if any.
No-Load Scheme	A scheme where there is no initial Entry or Exit Load.
Non Business Day	A day other than a Business Day.
Non Resident Indian / NRI	A person resident outside India who is a citizen of India or is a person of Indian origin as per the meaning assigned to the term under the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
Ongoing Offer	Offer of Units under the Scheme when it becomes open

	ended after the closure of the New Fund Offer Period.
Ongoing Offer Period	The period during which the Ongoing Offer for Subscription to the Units of the Scheme is made.
Person of Indian Origin / PIO	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b).
Purchase / Subscription / Sale	Purchase of/Subscription to Units by an investor from the Mutual Fund.
Purchase Price / Subscription Price / Sale Price	The price (being Applicable NAV **plus** Entry Load, if any) at which the Units can be purchased and calculated in the manner provided in this Scheme Information Document.
RBI	The Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
Registrar and Transfer Agent/ Registrar	Karvy Computershare Private Limited ("Karvy"), appointed as the Registrar and Transfer Agent for the Scheme, or any other registrar that may be appointed by the AMC.
Repo / Reverse Repo	Sale / purchase of securities with a simultaneous agreement to repurchase / sell them at a later date.
Repurchase / Redemption	Repurchase of Units by the Mutual Fund from a Unit Holder.
Repurchase Price / Redemption Price	The price (being Applicable NAV **minus** Exit Load / CDSC, if any) at which the Units can be redeemed and calculated in the manner provided in this Scheme Information Document.
Scheme	Daiwa Equity Fund, an open ended equity scheme.
Scheme Information Document / SID / Document	This document issued by Daiwa Mutual Fund offering Units of Daiwa Equity Fund for subscription.
SEBI	Securities and Exchange Board of India
SEBI Regulations / Regulations / SEBI (MF) Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.
Sponsor	Daiwa Asset Management Co. Ltd., being the Sponsor of Daiwa Mutual Fund.
Statement of Additional Information / SAI	The document issued by Daiwa Mutual Fund containing details of Daiwa Mutual Fund, its constitution, and other tax, legal and general information legally forming a part of the SID.
Switch	Sale of a unit(s) in one scheme(s) against Purchase of a unit(s) in another scheme(s).
Systematic Investment	A plan enabling investors to save and invest in the Scheme

Plan / SIP	at regular periodic intervals by submitting post-dated cheques/payment instructions.
Systematic Transfer Plan / STP	A plan enabling Unit Holders to transfer sums periodically from the Scheme to other schemes launched by the Mutual Fund from time to time by giving a single instruction.
Systematic Withdrawal Plan / SWP	A plan enabling Unit Holders to withdraw amounts from the Scheme at periodic intervals by giving a single instruction.
Transaction Slip	A form meant to be used by Unit Holders seeking additional Purchase or Redemption of Units in the Scheme, change in bank account details, Switch-in or Switch-out and such other facilities offered by the AMC and mentioned in Transaction Slips.
Trustee / Trustee Company	Daiwa Trustee Company (India) Private Limited, a company incorporated under the Companies Act, 1956 and appointed as the Trustee to Daiwa Mutual Fund.
Trust Deed	The Trust Deed dated July 16, 2008 as amended on December 20, 2010 executed by and between the Sponsor and the Trustee establishing the Mutual Fund, as amended from time to time.
Trust Fund	Amounts settled or contributed by the Sponsor towards the corpus of the Mutual Fund and additions/accretions thereto.
Unit	The interest of an investor, which consists of one undivided share in the net assets of the Scheme.
Unit Holder	A person holding Units of the Scheme of Daiwa Mutual Fund offered under this Scheme Information Document.
Valuation Committee	A committee of the AMC constituted for valuing securities.
Valuation Day	In respect of a security is any Business Day on which such security is being valued.

Abbreviations

In this SID, the following abbreviations have been used:

AMFI	Association of Mutual Funds in India
ASBA	Application Supported by Blocked Amount
CBLO	Collateralized Borrowing and Lending Obligation
CDSL	Central Depository Services Limited
HUF	Hindu Undivided Family
PAN	Permanent Account Number
SEBI Act	Securities and Exchange Board of India Act, 1992

Interpretation

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

- The terms defined in this SID shall include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to "US$" refer to United States Dollars, "Rs." refer to Indian Rupees and “JPY” refer to Japanese Yen. A "Crore" means "ten million" and a "Lakh" means a "hundred thousand".
- References to times of day (i.e. a.m. or p.m.) are to Mumbai (India) times and references to a day are to a calendar day including Non Business Day.
- References to Clause headings are for ease of reference only and shall not affect the construction or interpretation of this SID.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

DUE DILIGENCE CERTIFICATE

It is confirmed that:

1. 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.

2. All legal requirements connected with launching of the Scheme and also the guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.

3. 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.

4. The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For Daiwa Asset Management (India) Private Limited

Date: June 13, 2011
Place: Mumbai

Signature: Sd/-
Name: Farhana Mansoor
Designation: Head – Compliance and Company Secretary

Note: The aforesaid Due Diligence Certificate was submitted to SEBI on June 14, 2011.

II. INFORMATION ABOUT THE SCHEME

A. Type of the Scheme

Daiwa Equity Fund is an open ended equity scheme.

B. What is the investment objective of the Scheme?

The Scheme seeks to generate long-term growth of capital by investing in a diversified portfolio of predominantly equity and equity-related securities.

However, there can be no assurance that the investment objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns.

Std. Ob. 14

C. How will the Scheme allocate its assets?

The asset allocation pattern of the Scheme, under normal circumstances, would be as under:

Instrument	Asset Allocation (% of net assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related securities	65	100	High
Debt and money market instruments*	0	35	Low to Medium

* Investments in asset backed securities (securitized debt) will not exceed 10% of the net assets of the Scheme. The Scheme will not invest in foreign securitised debt.

Std. Ob. 4

If the Scheme decides to invest in Foreign Securities in accordance with SEBI Regulations, it is the intention of the fund manager that such investments will not normally exceed 20% of the net assets of the Scheme.

If the Scheme decides to invest in derivatives, it is the intention of the fund manager that such investments will not normally exceed 35% of the net assets of the Scheme. The Scheme will enter into derivatives transactions for the purposes of hedging and portfolio rebalancing in accordance with the guidelines issued by SEBI to protect the value of the portfolio. Gross exposure to equity and equity related securities, debt and money market instruments and investment in derivatives will not exceed 100% of the net assets of the Scheme.

Further, the fund manager may engage in short selling of securities in accordance with the Regulations.

These limits will be reviewed by the AMC from time to time based on views on the equity markets and asset liability management needs. However, at all times the portfolio of the Scheme will adhere to the overall investment objective of the Scheme.

The Scheme may invest in short term deposits of scheduled commercial banks as permitted by SEBI.

Investors may note that investments, which provide higher returns, typically display higher volatility. Accordingly, the investment portfolio of the Scheme is expected to reflect moderate to high volatility in its equity and equity related securities investments and low to moderate volatility in its debt and money market investments.

Stock Lending

Std. Ob. 6

Subject to the SEBI (MF) Regulations as applicable from time to time, the Scheme may, if the Trustee permits, participate in securities lending. Securities lending means the lending of securities to another person or entity for a fixed period of time at a negotiated compensation in order to enhance returns of the portfolio. The securities lent would have to be returned by the borrower on the expiry of the stipulated period. The AMC will adhere to strict limits should it engage in securities lending. Collateral would always be obtained by the approved intermediary from such borrower. Collateral value would always be more than the value of the securities lent. Collateral can be in form of cash, bank guarantee, and government securities, as may be agreed upon with the approved intermediary. The Scheme, under normal circumstances, shall not have exposure of more than 50% of its net assets in securities lending and shall not lend more than 50% of its net assets to any one intermediary to whom securities will be lent. For detailed understanding on securities lending by the Scheme, investors are requested to refer to the SAI.

Change in asset allocation

Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions and opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the fund manager, 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 for defensive considerations only and the fund manager will endeavour to rebalance the portfolio within one month from the date of deviation. In case the same is not aligned to the asset allocation pattern of the Scheme indicated above within the said period, appropriate justification will be provided to the Boards of Directors of the AMC and Trustee.

It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergo changes within the permitted band as indicated above. Investors/Unit Holders can ascertain details of asset allocation of the Scheme as on the last date of each month on the Mutual Fund's website at www.daiwafunds.in that will display the asset allocation of the Scheme as on the given day.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations, as detailed in **Section II (F) – Fundamental Attributes** of this Document.

D. Where will the Scheme invest?

Std. Ob. 15

The corpus of the Scheme will be invested primarily in equity and equity related securities of companies including but would not limited to:

(i) Equity and equity related securities which would include but would not be limited to:

- Convertible bonds and debentures and warrants carrying the right to obtain equity shares,
- ADRs / GDRs / IDRs and foreign equities or similar /comparable instruments,
- Derivative instruments like options and futures on equity securities/ indices, and
- Such other instruments as may be permitted under the SEBI (MF) Regulations from time to time.

(ii) Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking financial companies, development financial institutions, supranational financial institutions, corporate entities and trusts (which include securitized debt). As regards the investment in government securities, such securities usually carry sovereign guarantee or guarantee of state government in case of central and state government securities respectively.

(iii) Money market instruments including but not limited to, treasury bills, commercial papers, reverse repo agreements, CBLO, Certificate of Deposits (CDs) of scheduled commercial banks and development financial institutions, bills of exchange/promissory notes of public sector and private sector corporate entities and government securities with unexpired maturity of one year or less and other money market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the SEBI (MF) Regulations.

(iv) Pass through, Pay through or other Participation certificates, representing interest in a pool of assets including receivables.

(v) Deposits of Scheduled Commercial Banks as permitted under the SEBI (MF) Regulations.

(vi) Foreign Securities for the purpose of attaining diversification in accordance with the requirements stipulated by SEBI and RBI from time to time.

(vii) Derivative instruments in accordance with the SEBI (MF) Regulations, as and when opportunities arise in the derivatives markets.

(viii) Any other instruments/securities as may be permitted under SEBI (MF) Regulations from time to time.

The Scheme may participate in securities lending as permitted under the Regulations.

The Scheme may also invest in another scheme managed by the AMC or in the scheme of other mutual fund without charging any fees on such investments, provided that aggregate inter-scheme investment made by all schemes managed by the AMC either in its own schemes or of any other mutual fund shall not exceed 5%, or such other permitted limit, of the Net Asset Value of the Mutual Fund.

The securities mentioned above and such other securities the Scheme is permitted to invest in could be listed, unlisted, privately placed, secured, unsecured and whether rated or unrated. The securities may be acquired through Initial Public offerings (IPOs), secondary market operations, private placement, rights offers, negotiated deals or otherwise.

Std. Ob. 7

E. What are the investment strategies?

Under normal market conditions, the Scheme would invest predominantly in a diversified portfolio constituting equity and equity related instruments of companies that the fund manager believes have sustainable business models, and potential for income and capital appreciation. The Scheme may also invest in debt and money market instruments in a manner consistent with the investment objective.

Strategy adopted to determine the equity proportion

The fund manager will alter the equity and short-term debt/cash component in the Scheme depending on the valuations of the equity market. The BSE Sensitive Index (SENSEX) will be used as the measure for the equity market. The Scheme will shift its allocation to equities in the range 65% to 100% of its net assets, while maintaining an average 65% allocation to equities throughout every financial year.

The fund manager will use the one-year forward Price Earnings (P/E) multiple of the SENSEX, the expected one-year forward earnings growth rate for the SENSEX constituents and the SENSEX P/E multiple premium to other emerging markets, as measured by the MSCI Emerging Markets Index P/E multiple, to adjust the equity proportion in the Scheme.

Strategy adopted to select equity securities

The fund manager will adopt a combination of top-down and bottom-up investment strategies to create and manage the portfolio. As a part of the top-down analysis, the fund manager will evaluate key macro-economic trends and their impact on various sectors in the economy. The fund manager will monitor key leading global economic and financial market indicators to identify critical turning points in business cycles. Liquidity availability and risk preferences will also be tracked to determine stock market and respective sector valuations.

The approach to selection of securities would essentially be to invest in companies with good growth prospects available at reasonable valuations. The fund manager would use a combination of Growth and Value strategies to manage the portfolio.

Growth companies are those where the revenues and / or earnings are growing at a faster pace than its industry or the overall market. The investment manager will prefer to invest in companies that have demonstrated a strong growth track record, and will have a high projected growth rate as well. Some growth companies may not have a long-term operating history, but might be a part of a rapidly growing new industry; capitalizing on its various strengths, could mean strong brand equity, high market share, strong management and technological excellence among others.

Value stocks are those which trade at a significant discount to their reasonably estimated sustainable earnings capacity. The long-term growth potential of a company is not fully reflected in the market price of the company's securities. The fund manager would prefer to invest in value stocks where a reasonable probability of a medium-term catalyst exists, which will cause the market perception to improve and thus enable the portfolio to realize the expected superior return.

The major portion of the Scheme's investments will be in companies with strong growth prospects available at reasonably estimated valuations. The fund manager will select companies fulfilling these criteria and additionally those which have a significant probability of a healthy appreciation in the medium term.

The fund manager will conduct in-house research in order to identify the right stocks for the portfolio, and combine this process with the top-down approach to determine sector allocations, and the cash position to be maintained in the portfolio. The bottom-up analysis will focus, among others, on the historical and current financial condition of the company, capital structure, business prospects, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research and technological know-how and transparency in corporate governance. The quality or strength of management would be a key focus area.

Strategy adopted to select fixed income securities

The Scheme will invest only in those debt securities that are rated investment grade by a domestic credit rating agency such as CRISIL, ICRA, CARE etc. or in unrated debt securities which the Investment Manager believes to be of equivalent quality. In the case of unrated debt securities, the approval of the Board of Directors of the AMC and Trustee, shall be obtained prior to investment.

Policy on offshore investments by the Scheme

As per SEBI circulars dated September 26, 2007 and April 8, 2008, mutual funds can invest in ADRs/GDRs/Foreign Securities within the overall limit of US$7 billion and subject to a maximum of US $300 million per mutual fund.

As per SEBI circular dated September 26, 2007, mutual funds can make investments in:

(i) ADRs/GDRs issued by Indian or foreign companies;
(ii) Equity of overseas companies listed on recognized stock exchanges overseas;
(iii) Initial and follow on public offerings for listing at recognised stock exchange overseas;
(iv) Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by a accredited/ registered credit rating agencies;
(v) Money market instruments rated not below investment grade;
(vi) Repos in the form of investment, where the counterparty is rated not below the investment grade; repos should not however, involve any borrowing of funds by mutual funds;
(vii) Government securities where the countries are rated not below investment grade;
(viii) Derivatives traded on recognised stock exchanges overseas only for hedging and portfolio balancing with underlying as securities;
(ix) Short term deposits with banks overseas where the issuer is rated not below investment grade;
(x) Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognised stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets).

The overall ceiling for investment in overseas ETFs that invest in securities is US$1 billion subject to maximum of US$ 50 million per mutual fund. The overseas investments may be listed on recognised stock exchanges including but not limited to the New York Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Luxembourg Stock Exchange, etc.

It is the AMC's belief that the above instruments offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. The Trustee may then, if necessary, seek applicable permission from SEBI to invest abroad in accordance with the investment objectives of the Scheme and in accordance with any guidelines issued by SEBI from time to time. The fund manager would look to invest in such instruments in order to diversify the portfolio in terms of the variety of instruments held and enhance returns by taking advantage of market movements in global markets, which may or may not be in sync with the Indian markets. The fund manager will look to identify and capture profitable opportunities as and when they arise.

Investments in Foreign Securities will be made subject to any/all approvals and conditions thereof as may be stipulated by SEBI/RBI being fulfilled and provided such investments do not result in expenses to the Scheme in excess of the ceiling, if any, on expenses prescribed by SEBI for offshore investments, and if no such ceiling is prescribed by SEBI, the expenses to the Scheme shall be limited to the level which, in the opinion of the Trustee, is reasonable and consistent with costs and expenses attendant to international investing. The Boards of Directors of the Trustee and the AMC may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

Investment in derivatives

Std. Ob. 5

The Scheme may invest in various derivatives instruments which are available for investment in the Indian markets from time to time and which are permissible under the SEBI Regulations from time to time. Investment in such instruments will be made in accordance with the investment objective and the strategy of the Scheme. The investments shall also be subject to the internal limits as may be laid down from time to time and such limits and restrictions as may be prescribed by the SEBI Regulations or any other regulatory body.

Derivatives are financial contracts whose values are derived from the value of underlying primary financial instruments.

- **Concepts and examples of investing in derivatives**

  The Scheme may invest in derivatives including stock index futures, options on stocks and stock indices, interest rate swaps, forward rate agreements or such other derivatives as may be introduced from time to time as permitted under the Regulations and applicable laws.

- **Exposure to derivatives**

The Scheme shall have derivative exposure in accordance with the guidelines issued under the Regulations from time to time. The Scheme shall under normal circumstances not have exposure of more than 35% of its net assets in derivatives. These limits will be reviewed by the AMC, from time to time. The Scheme will enter into derivatives transactions for the purposes of hedging and portfolio rebalancing in accordance with the guidelines issued by SEBI to protect the value of the portfolio.

In accordance with SEBI circulars dated September 14, 2005, January 20, 2006 and September 22, 2006, the following conditions shall apply to the Scheme's participation in the derivatives market. Please note that the investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustee (subject to SEBI requirements) from time to time. The position limits for the Scheme are as under:

<u>Position limit for the Mutual Fund in index options contracts</u>

- The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crores or 15% of the total open interest of the market in index options, whichever is higher, per stock exchange.

- This limit would be applicable on open positions in all options contracts on a particular underlying index.

<u>Position limit for the Mutual Fund in index futures contracts</u>

- The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crores or 15% of the total open interest of the market in index futures, whichever is higher, per stock exchange.

- This limit would be applicable on open positions in all futures contracts on a particular underlying index.

<u>Additional position limit in index derivatives for hedging</u>

In addition to the position limits in index options and index futures contracts above, the Mutual Fund may take exposure in equity index derivatives subject to the following limits:

- Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

- Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, treasury bills and similar instruments.

Position limit for the Mutual Fund for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts is defined in the following manner:

- For stocks having applicable market-wise position limit ("MWPL") of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.

- For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crores which ever is lower.

  Position limit for each scheme of the Mutual Fund

  The scheme-wise position limit / disclosure requirements shall be:

  - For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:

    1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

  - This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a stock exchange.

  For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Index Futures

A futures contract is an agreement between the buyer and the seller for the purchase and sale of a particular asset at a specific price on a specific future date. The price at which the underlying asset would change hands in the future is agreed upon at the time of entering into the contract. The actual purchase or sale of the underlying asset involving payment of cash and delivery of the instrument does not take place until the contracted date of delivery. A futures contract involves an obligation on both the parties to fulfill the terms of the contract.

Benefits:

- Investment in stock index futures can give exposure to the index without directly buying the individual stocks. Appreciation in index stocks can be effectively captured through investment in stock index futures.

- The Scheme can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

The stock index futures are instruments designed to give exposure to the equity market indices. The BSE and the NSE have started trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and interest rates.

Illustration

Spot Index: 1070. 1 month nifty future price on day 1:1075. Scheme buys 100 lots. Each lot has a nominal value equivalent to 200 units of the underlying index.

Situation 1

Let us say that on the date of settlement, the future price = closing spot price = 1085.
Profits for the Scheme = (1085-1075)* 100 lots * 200 = Rs 200,000.

Situation 2

Let us say that on the date of settlement, the future price = Closing spot price = 1070.
Loss for the Scheme = (1070-1075)* 100 lots * 200 = (Rs 100,000). The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, it is clear from the example that the profit or loss for the Scheme will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the future at the time of purchase.

Buying Options

An option is a contract which provides the buyer of the option (also called the holder) the right, without the obligation, to buy or sell a specified asset at an agreed price on or up to a particular date. For acquiring this right the buyer has to pay a premium to the seller. The seller on the other hand has the obligation to buy or sell that specified asset at the agreed price. The premium is determined considering number of factors such as the underlying asset's market price, the number of days to expiration, strike price of the option, the volatility of the underlying asset and the risk less rate of return. The strike price, the expiration date and the market lots are specified by the exchanges.

Benefits of buying a call option

Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

If the Scheme buys a 1 month call option on Company 'X' at a strike of Rs. 190, the current market price being say Rs.191. The Scheme will have to pay a premium of say Rs. 15 to buy this call. If the stock price goes below Rs. 190 during the tenure of the call, the Scheme avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The Scheme gives up the premium of Rs. 15 that has to be paid in order to protect the Scheme from this probable downside. If the stock goes above Rs. 190, it can exercise its right and own Company 'X' at a cost price of Rs. 190, thereby participating in the upside of the stock.

Benefits of buying a put option

Buying a put option on a stock originally held by the buyer gives him the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

If the Scheme owns Company 'X' and also buys a three-month put option on Company 'X' at a strike of Rs. 190, the current market price being say Rs.191. The Scheme will have to pay a premium of say Rs. 12 to buy this put.

If the stock price goes below Rs. 190 during the tenure of the put, the Scheme can still exercise the put and sell the stock at Rs. 190, avoiding therefore any downside on the stock below Rs. 190. The Scheme gives up the fixed premium of Rs. 12 that has to be paid in order to protect the Scheme from this probable downside. If the stock goes above Rs. 190, say to Rs. 220, it will not exercise its option. The Scheme will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs. 220.

Interest Rate Swaps (IRS) and Forward Rate Agreements (FRAs) 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 Scheme remains in call market for the liquidity and at the same time takes advantage of the fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

IRS

An IRS is an agreement between two parties (counter parties) to exchange, on particular dates in the future, one series of cash flows (fixed interest) for another series of cash flows (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. As Floating Rate Instruments tend to be relatively less liquid, swapping a fixed rate instrument into floating returns can help in improving the liquidity of the Scheme.

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 is single settlement contracts. As in the case of IRS, notional amounts are not exchanged.

Basic Structure of a Swap

Assume that the Scheme has a Rs. 20 crores 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% p.a.) and pays the "benchmark rate" (MIBOR), which is fixed by the National Stock Exchange (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 is usually 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 crores from June 1, 2010 to December 1, 2010. 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, 2010 the Scheme and the counterparty will exchange only a contract of having entered into this swap. This documentation would be as per the ISDA.

- On a daily basis, the benchmark rate fixed by NSE will be tracked.

- On December 1, 2010 the following will be calculated:

- The Scheme is entitled to receive interest on Rs. 20 crores at 12% for 184 days i.e. Rs. 1.21 crores, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
- The counterparty is entitled to receive the daily compounded call rate for 184 days and pay 12% fixed.

➢ On December 1, 2010, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 1.21 crores, the Scheme will pay the difference to the counter party. 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 6 months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 crores, without borrowing for 6 months fixed.

Swaps have their own drawbacks including credit risk vis-à-vis the counter party, settlement risk, etc. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

The above information provides a basic idea as to the nature of the derivatives proposed to be used by the Scheme and the benefits and risks attached therewith. ***Please note that the examples are based on assumptions and have been given for illustration purposes only.***

The AMC retains the right to enter into such derivative transactions as may be permitted by the SEBI Regulations from time to time.

Portfolio Turnover

Portfolio turnover is defined as the aggregate value of investment and disinvestment in equity/equity related securities (other than those caused by the Purchases and Redemptions by Unit Holders) as a percentage of the average corpus of the Scheme during a specified period of time. This would exclude investments / disinvestments in debt and money market instruments.

The fund manager may normally buy stocks of companies which he believes will deliver superior earnings growth over the long term and hence the portfolio turnover of the Scheme is not expected to be very high. However, during volatile market conditions, the fund manager has the flexibility to churn the portfolio actively to optimize returns keeping in mind the cost associated with it. The fund manager depending on his view and subject to there being an opportunity, may trade in securities, which may result in an increase in the portfolio turnover. There may be an increase in transaction costs such as the brokerage paid, if trading is done frequently. However, the cost would be negligible as compared to the total expenses of the Scheme. Frequent trading may increase the profits which will offset the increase in costs.

Risk Control

The investment team follows a top-down approach in respect of selection and investment allocation of sectors, while individual stock selection is based on a bottom-up approach of identifying stocks for investments using in-depth research and an analysis of the company's financials. Portfolio investments are made after a report justifying the investment rationale is prepared by the research team. This report covers aspects such as company background and business analysis, sector fundamentals, company positioning and competitive environment, future outlook, corporate governance issues, management quality, valuations and stock price drivers.

Periodic reviews and updates on the companies invested in the portfolio are conducted, using the same parameters listed above. The portfolios are monitored on a continuous basis to identify any potential risks and devise suitable strategies to mitigate the same.

Internal limits on individual investment decisions and derivative transactions have been set to ensure that the Scheme's investment objectives are adhered to, and portfolio risk is kept at manageable levels. A customised software package has been installed to process all investment transactions, and internal and SEBI mandated limits are incorporated in the same.

The Investment Committee of the AMC meets regularly to provide overall guidance to the investment process. The role of the Investment Committee includes an overall monitoring of the investment activity, evolve suitable investment strategies, monitor risk parameters in each scheme with specific attention to counterparties and debt issuers with respect to credit risk and credit ratings, and ensure that the investment limits are properly observed. The Investment Committee also regularly reviews the scheme portfolios and monitors the scheme performances against comparable benchmark indices and peer schemes.

F. Fundamental Attributes

Std. Ob. 8

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

(i) Type of Scheme

Open ended equity scheme.

(ii) Investment Objectives

- Main Objective: Growth and income.
- Investment Pattern: Equity and equity related securities, debt securities, money market instruments, derivatives and foreign securities as set out in **Section II (C)** of this Document.

(iii) Terms of Issue

(a) Liquidity: The Scheme being open ended the Units are not proposed to be listed on any stock exchange. However, the Trustee reserves the right to list the Units as and when this Scheme is permitted to be listed and the Trustee considers it necessary in the interest of Unit Holders of the Mutual Fund.

The Scheme will offer Subscription and Redemption facilities at the Applicable NAV on every Business Day. As per the SEBI Regulations, the Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving a valid Redemption request. In case the Redemption proceeds are not made within 10 Business Days from the date of receipt of a valid Redemption request, interest will be paid @ 15% per annum or such other rate from the 11^{th} day onwards as may be prescribed by SEBI from time to time.

(b) Aggregate fees and expenses charged to the Scheme: As per the SEBI Regulations, the maximum recurring expenses including the investment management and advisory fees that can be charged to the Scheme shall be subject to a percentage limit of average daily/weekly net assets as given in the table below. Subject to the SEBI Regulations, expenses over and above the prescribed ceiling will be borne by the AMC.

Maximum recurring expenses

Average daily/weekly net assets	First Rs.100 crores	Next Rs. 300 crores	Next Rs. 300 crores	Over Rs. 700 crores
Maximum recurring expenses, as a % of average daily/weekly net assets	2.50%	2.25%	2.00%	1.75%

In terms of the IMA and the SEBI Regulations, the AMC is entitled to an investment management fee at 1.25% per annum of the daily/weekly average net assets for a corpus up to Rs.100 crores and at 1.00% per annum for the corpus amount in excess of Rs.100 crores.
The AMC/Trustee may charge additional load/expense/fee or any other charge (by whatever name called) to the Scheme/Unit Holders on a prospective basis, as may be permitted under the SEBI Regulations.

(c) Any safety net or guarantee provided: This Scheme does not provide any safety net or guarantee/assured return.

Change in fundamental attributes:

In accordance with Regulation 18(15A) of SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme and the option(s) thereunder or the trust or fees and expenses payable or any other change which would modify the Scheme and the options(s) thereunder and affect the interests of the 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 NAV without any Exit Load.

G. How will the Scheme benchmark its performance?

Std. Ob. 9

The benchmark for the Scheme is BSE-200 index. Performance comparisons will be made vis-à-vis the benchmark index. The same has been chosen as the benchmark for the Scheme as the composition of the aforesaid index is such that it is most suited for comparing performance of the Scheme.

The AMC and the Trustee may mutually agree to change the benchmark index or select an additional benchmark index after recording reasons for such change and by following the required regulatory process.

The performance of the Scheme will be reviewed by the Boards of Directors of the AMC and the Trustee with reference to the benchmark index.

H. Who manages the Scheme?

Std. Ob. 10

Mr. David Pezarkar is the fund manager who will manage the investments of the Scheme. Details of his experience and qualifications are as under:

Name of the Fund Manager	Age	Qualifications	Experience	Schemes managed
Mr. David Pezarkar	41years	B.A.(Eco.), M.M.S. (Finance)	Mr. David Pezarkar has over 17 years of work experience in the areas of fund management, portfolio development and research and analysis of securities. Apart from managing mutual fund schemes, he has worked in the areas of life insurance companies and brokerage houses. His	Daiwa Industry Leaders Fund

Name of the Fund Manager	Age	Qualifications	Experience	Schemes managed
			previous assignment was with Bajaj Allianz Life Insurance Co. Ltd. as Head – Equity. He has also been associated with SBI Funds Management Pvt. Ltd., and UTI Mutual Fund.	

I. What are the Investment Restrictions?

Std. Ob. 11

As per the Trust Deed read with the SEBI Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments. All investments by the Scheme will be made in accordance with the investment objective, investment strategy and investment pattern described previously.

1. The Scheme shall not invest more than 15% of its net assets in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the SEBI Act. Such investment limit may be extended to 20% of the net assets of the Scheme with the prior approval of Boards of Directors of the Trustee and the AMC.

   Provided that the limit shall not be applicable to investment in government securities and money market instruments.

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

2. The Scheme shall not invest more than 10% of its net assets in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the net assets of the Scheme. All such investments shall be made with the prior approval of the Boards of Directors of the Trustee and AMC.

3. The Scheme shall not invest more than 30% of its net assets in money market instruments of an issuer.

   Provided that such limit shall not be applicable for investments in government securities, treasury bills and collateralized borrowing and lending obligations.

4. The Mutual Fund under all its scheme(s) shall not own more than 10% of any company's paid up capital carrying voting rights. For the purpose of determining the above limit, a combination of positions of the underlying securities and stock derivatives, will be considered.

5. The inter scheme transfer of investments shall be in accordance with the provisions contained in the section 'Inter-scheme transfer of investments', contained in the Statement of Additional Information. Transfer of investments from one scheme to another scheme in the Mutual Fund is permitted provided:

   a. Such transfers are done at the prevailing market price for quoted instruments on spot basis.

      Explanation - "spot basis" shall have the same meaning as specified by stock exchange for spot transactions.

   b. The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

6. The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the Mutual Fund.

7. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities.

   Provided that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange subject to such guidelines as may be specified by SEBI.

   Provided further that the Mutual Fund may engage in short selling of securities in accordance with the framework relating to the short selling and securities lending and borrowing specified by SEBI.

   Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

8. The Mutual Fund shall get the securities purchased or transferred in the name of the Mutual Fund on account of the Scheme, wherever investments are intended to be of a long term nature.

9. Pending deployment of funds of the Scheme in securities in terms of investment objectives of the Scheme, the Scheme can invest the funds of the Scheme in short

term deposits of scheduled commercial banks, in line with SEBI circulars dated April 16, 2007 and June 23, 2008.

The investments in short term deposits of scheduled commercial banks will be reported to the Trustee along with reasons for the investment which, *inter alia*, would include comparison with the interest rates offered by other scheduled commercial banks. Further, the AMC shall ensure that the reasons for such investments are recorded in the manner prescribed in the SEBI circular dated July 27, 2000.

The aggregate exposure ceiling for each individual bank for all the schemes managed by the AMC will be restricted to 10% of the net worth of the bank as per its latest audited accounts.

10. The Scheme shall not make any investment in:
    (a) Any unlisted security of an associate or group company of the Sponsor;
    (b) Any security issued by way of private placement by an associate or group company of the Sponsor; or
    (c) The listed securities of group companies of the Sponsor which is in excess of 25% of the net assets.

11. The Scheme shall not invest more than 10% of its net assets in the equity shares or equity related instruments of any company. For the purpose of determining the above limit, a combination of positions of the underlying securities and stock derivatives, will be considered.

12. The Scheme shall not invest more than 5% of its net assets in unlisted equity shares or equity related instruments.

13. The Scheme shall not make any investment in any Fund of Funds scheme.

14. No term loans for any purpose may be advanced by the Mutual Fund and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Scheme for the purpose of Repurchase, Redemption of Units or payment of interest or Dividends to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such a borrowing shall not exceed a period of six months.

15. The Scheme may lend securities in accordance with the Regulations.

16. Debentures, irrespective of any residual maturity period (above or below 1 year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of the Seventh Schedule to the Regulations or as may be specified by SEBI from time to time.

17. The Scheme will comply with any other laws/regulations applicable to the investments by mutual funds from time to time.

Restrictions on investments in Foreign Securities

As applicable, the Scheme shall comply with the investment limitations and restrictions set out for overseas investments by schemes of Indian mutual funds in SEBI circular nos. SEBI/IMD/CIR No. 7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR No.2/122577/08 dated April 8, 2008 and other applicable circulars as may be issued from time to time.

The restriction on investments by the Scheme in mutual fund units up to 5% of net assets of the Scheme and prohibition on charging of management fees for such investments shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Regulations.

Restrictions on investments in derivatives

Std. Ob. 5

As applicable, the Scheme shall comply with the investment limitations and restrictions set out for participation in the derivatives market in accordance with SEBI circulars dated September 14, 2005, January 20, 2006 and September 22, 2006. The Scheme will enter into derivatives transactions for the purposes of hedging and portfolio rebalancing in accordance with the guidelines issued by SEBI to protect the value of the portfolio.

Apart from the investment restrictions prescribed under the SEBI Regulations, internal investment parameters for limiting exposure to particular security or sector may be prescribed from time to time to respond to the dynamic market conditions and market opportunities.

The Trustee /AMC may alter these above stated limitations from time to time and also to the extent the Regulations change so as to permit the Scheme to make its investments in the full spectrum of permitted investments in order to achieve its investment objective.

Investments in the Scheme by the AMC, Sponsor or their affiliates

Std. Ob. 1

Subject to the SEBI Regulations, the AMC, Sponsor, the Trustee and / or their associates or affiliates, may invest either directly or indirectly in the Scheme during the NFO and / or Ongoing Offer Period. However, the AMC shall not charge any investment management and advisory fee on its own investment in the Scheme.

Investment of subscription money

Pending deployment in securities as per the investment objectives of the Scheme and subject to the conditions specified by SEBI, the Mutual Fund may invest the subscription money received from investors in bank deposits, or money market instruments before finalisation of the allotment of Units. The income earned out of such investments would be merged with the corpus of the Scheme on completion of allotment of the Units.

J. How has the Scheme performed?

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

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.	NFO opens on : XXX, 2011 NFO closes on : XXX, 2011 The Trustee reserves the right to extend or prepone the closing date of the NFO Period by giving at least one day's notice in one national newspaper, subject to the condition that the NFO shall not be kept open for more than 15 days or such number of days as may be permitted under the SEBI (MF) Regulations.
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	Rs. 5,000/- and in multiples of Re. 1/- thereafter. **Minimum Additional Application Amount :** Rs. 500/- and in multiples of Re. 1/- 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 the prescribed time period, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of five business days from the closure of the subscription period.	The Scheme seeks to collect a minimum subscription amount of Rs. 1 crore during the NFO Period. 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, subject to the clause on Refund below.
Maximum Amount to be raised (if any)	There is no upper limit on the total amount to be collected under the Scheme during the NFO Period.
Options / sub-options offered	The Scheme offers two options: Growth and

	Dividend. Growth option: No Dividend will be declared under the Growth option. Dividend option: The Dividend option offers Dividend Payout and Dividend Reinvestment sub-options. Dividend will be declared subject to availability and adequacy of distributable surplus. The aforesaid options (including sub-options thereunder) will have the same portfolio. Investors must clearly indicate their choice of option (i.e. Growth or Dividend) in the relevant space provided for in the Application Form. In the absence of such clear instructions it will be assumed that the investor has opted for the "Default" option / sub-option and the application will be processed accordingly. Here: Default option: Growth option (between Growth and Dividend). Default sub-option: Dividend Reinvestment sub-option (between Reinvestment and Payout). Kindly note that if the Dividend under Payout sub-option is less than or equal to Rs. 500/- then it will be reinvested by default. NAV in respect of each of the options shall be same till the first Dividend is declared. Subsequently, there will be different NAVs for each option. The AMC and the Trustee reserve the right to introduce such other plans / options / sub-options as they deem necessary from time to time, in accordance with the SEBI (MF) Regulations.
Dividend Policy	The Mutual Fund does not guarantee or assure declaration or payment of Dividend. The Trustee may decide to distribute Dividend subject to the availability of distributable surplus as calculated in accordance with the SEBI Regulations and if such

	distributable surplus is adequate for distribution in the opinion of the Trustee. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution shall be final. The Dividend will be due to only those Unit Holders whose names appear in the Register of Unit Holders in the Dividend Option of the Scheme on the record date which will be announced in advance. The procedure laid down in the Regulations for declaration of Dividend will be adhered to. The Unit Holders have the option of receiving the Dividend or reinvesting the same. The Dividend will be reinvested at the first ex-Dividend NAV. The AMC shall despatch to the Unit Holders, the Dividend warrants within 30 days of the date of declaration of Dividend.
Allotment	All applicants whose cheques towards Purchase of Units have been realized will receive full and firm allotment of Units, provided the Application Forms are complete in all respects and are found to be in order. The AMC/Trustee retain the sole and absolute discretion to reject any Application Form. Subject to the receipt of the specified minimum subscription amount, full allotment of Units applied for will be made within 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of closure of the NFO for all valid applications received during the NFO Period. The process of allotment of Units and mailing of account statements reflecting the allotments will be completed within 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of closure of the NFO. Investors will have an option to hold the Units either in physical form or in dematerialized (electronic) form. In case of investors opting to hold Units in dematerialized mode, the Units will be credited to the investors' depository account (as per the details provided by the investor) not later

	than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of closure of the NFO. On allotment, in respect of applicants who have made applications through the ASBA facility, the amounts towards Subscription of Units blocked in the respective bank accounts as mandated by the applicants will be unblocked to the extent of Units allotted and the amounts so unblocked will be transferred to the bank account under the Scheme. In case of investors opting to hold the Units in physical mode, an account statement will be sent by ordinary post/courier/secured encrypted electronic mail to each Unit Holder, stating the number of Units purchased, not later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the close of the NFO. In case of investors opting to hold the Units in dematerialized form, an account statement could be obtained from the Depository Participants. Normally, no Unit Certificate will be issued. However, if the Unit Holder so desires, the AMC shall issue a non-transferable Unit Certificate to the applicant within 30 days of receipt of the request. Unit Certificate, if issued, should be duly discharged by the Unit Holder and surrendered along with the request for Redemption/Switch or any other transaction of Units covered therein.
Dematerialization of Units	The applicants intending to hold Units in dematerialized mode will be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and will be required to mention in the Application Form details of the beneficiary account at the time of purchasing Units during the NFO Period. The Account Statement will be sent to those Unit Holders who have opted to hold Units in physical (non-dematerialized) form. However, if the Unit Holder so desires to hold the Units in a dematerialized form at a later date, he will be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and will

	have to submit the account statement alongwith the prescribed request form to any of the ISCs for conversion of Units into demat form. The AMC will issue the Units in dematerialized form to the Unit holder within two Business Days from the date of receipt of such request.
Rematerialization of Units	Rematerialization of Units can be carried out in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time. The process for rematerialisation of Units will be as follows : • Unit Holders/investors should submit a request to their respective Depository Participant for rematerialisation of Units in their beneficiary accounts. • Subject to availability of sufficient balance in the Unit Holder /investor's account, the Depository Participant will generate a Rematerialisation Request Number and the request will be despatched to the AMC/Registrar. • On acceptance of request from the Depository Participant, the AMC/Registrar will dispatch the account statement to the investor and will also send electronic confirmation to the Depository Participant.
Refund	If the Scheme fails to collect the minimum target amount of Rs. 1 crore or where the application is rejected for any reason whatsoever, the Mutual Fund shall refund the entire money received from the applicant to the relevant applicant. Refund of subscription amount to applicants whose Application Forms are rejected will commence after the allotment process is completed and will be without incurring any liability whatsoever for interest or other sum. No interest will be payable on any subscription money refunded within 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the closure of the NFO. Interest on subscription amount will be

	payable for amounts refunded later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the closure of the NFO, currently at the rate of 15% per annum, for the period in excess of 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) and will be charged to the AMC. 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 or as per the applicable SEBI Regulations. However, in respect of applicants who have made applications through the ASBA facility, the refund will be by way of unblocking of the subscription amounts in the bank accounts mandated by the applicants on receipt of information from the AMC/Registrar.
Who can invest? 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.	Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing them and any Indian law from investing in the Scheme and that they are authorised to purchase units of mutual funds as per their respective constitutions, charter documents, corporate/other authorizations and relevant statutory provisions. The following is an indicative list of persons who are generally eligible and may apply for subscription to the Units of the Scheme: • Adult individuals being persons resident in India, either singly or jointly (not exceeding three) or on an Anyone or Survivor basis; • Minor through parent / legal guardian*; • Karta of HUF; • Partnership firms constituted under the Partnership Act, 1932; • Companies, bodies corporate, public sector undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860; • Religious and charitable trusts, wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and private trusts authorized to invest in mutual fund

	schemes under their trust deeds; • Banks (including co-operative banks and regional rural banks) and financial institutions; • Non-Resident Indians (NRIs) / Persons of Indian Origin (PIO) on full repatriation basis or on non-repatriation basis; • Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis; • Army, air force, navy and other para-military funds and eligible institutions; • Scientific and industrial research organisations; • Provident / Pension / Gratuity and such other funds as and when permitted to invest; • International multilateral agencies approved by the Government of India / RBI; • The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws); • Other scheme(s) of Daiwa Mutual Fund subject to conditions and limits prescribed by SEBI Regulations; • A mutual fund through its schemes, including Fund of Funds schemes; • Limited Liability Partnerships; and • Such other individuals/entities that are not prohibited to invest in the Scheme under applicable statutory regulations. * A minor Unit Holder, on attaining majority, may inform the Registrar about attaining majority and provide his/her specimen signature duly authenticated by his/her banker as well as details of his/her bank account and PAN to enable the Registrar to update their records and allow him/her to operate the Account in his/her own right. 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 (MF) Regulations and other prevailing statutory regulations, if any. It is expressly understood that at the time of investment, the investor / Unit Holder has the express authority to invest in Units of the Scheme and the AMC / Trustee / Mutual Fund will not be

	responsible if such investment is *ultra vires* the relevant constitution. Subject to the SEBI Regulations, the Trustee may reject any application received in case the application is found invalid / incomplete or for any other reason in the Trustee's sole discretion. The AMC / Trustee may need to obtain from the investor, verification of identity or such other details relating to subscription for Units as may be required under any applicable law, which may result in delay in processing the Application Form. Every investor, depending on any of the above category under which he falls, is required to provide the relevant documents alongwith the Application Form as may be prescribed by the AMC. It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar / AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
Who cannot invest	It should be noted that the following entities cannot invest in the Scheme: • A foreign national or any other entity that is not a person resident in India under the Foreign Exchange Management Act, 1999, except where registered with SEBI as a FII or FII sub-account and are permitted under applicable statutory regulations. • Non-Resident Indians residing in the Financial Action Task Force (FATF) Non Compliant Countries and Territories (NCCT). • Individuals/entities prohibited to invest in Units of the Scheme under prevailing statutory regulations. Before investing in the Scheme, investors are advised to ensure that they are not prohibited to invest in the Scheme by the statutory laws/regulations prevailing in their respective

	jurisdictions. It is expressly understood that the investor shall be solely responsible to ensure compliance with applicable laws/regulations before investing in the Scheme and the AMC/Trustee shall assume no liability/responsibility for the same. 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 SEBI Regulations and other prevailing statutory regulations, if any. Subject to the SEBI Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the Trustee.
Where can you submit the filled up application	Duly completed Application Forms for Purchase of Units under the Scheme during the New Fund Offer Period along with the payment instrument may be submitted to any of the Designated Collection Centres or ISCs notified by the AMC. The AMC has the right to appoint additional Designated Collection Centres during the NFO Period and change any of the Designated Collection Centres appointed subsequently, if it deems fit. Details of Designated Collection Centres and ISCs are provided at the end of this Document. **Transactions through electronic mode:** The Mutual Fund may (at its sole discretion and without being obliged in any manner to do so and without being responsible and/or liable in any manner whatsoever) allow transactions in units by electronic mode (web/electronic transactions) including transactions through the various web sites with which the AMC would have an arrangement from time to time. Subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund or the Registrar may accept transactions through any electronic mode including web transactions as may be permitted by SEBI or other regulatory authorities from time to time.

How to apply	Please refer to the SAI and the Application Form for the instructions.
Listing	It is not proposed to list the Scheme on any of the recognised stock exchanges in India. However, the Trustee reserves the right to list the Units as and when this Scheme is permitted to be listed and the Trustee considers it necessary in the interest of the Unit Holders of the Mutual Fund.
Special Products / facilities available during the NFO	Please refer to the section on special products available during Ongoing Offer Period for details on the Systematic Investment Plan.
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.	Units once repurchased/redeemed shall not be reissued.
Restrictions, if any, on the right to freely retain or dispose of Units being offered.	The Units of the Scheme held under the physical mode are not transferable. In view of the same, additions / deletion of names will not be allowed under any folio of the Scheme. The above provisions in respect of deletion of names will not be applicable in case of death of Unit Holder (in respect of joint holdings) as this will be treated as transmission of Units and not transfer. The Units held in dematerialized form can be transferred and transmitted in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996, as may be amended from time to time. The delivery instructions for transfer of Units will have to be lodged with the Depository Participant in the prescribed form and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form. The Units held in demat mode can be pledged and hypothecated as per the provisions of Depositories Act and Rules and Regulations framed by Depositories. **Right to limit Redemption** The Trustee may, in the general interest of the Unit Holders of the Scheme and when considered

	appropriate to do so based on unforeseen circumstances / unusual market 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 and plan(s)/option(s) thereof or such other percentage as the Trustee may determine. Any Units which consequently 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 Applicable NAV (subject to the prevailing Load) 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, Redemptions will be made on a pro-rata basis based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day. In addition, the Trustee reserves the right, in its sole discretion, to limit Redemptions with respect to any single account to an amount of Rs. 1,00,000/- in a single day. **Suspension of the determination of NAV and Redemption of Units** Subject to the approval of the Boards of Directors of the AMC and the Trustee, and subject also to informing the same to SEBI in advance, the determination of the NAV of the Units of the Scheme, and / or of the Redemption and switching of Units may be temporarily suspended in any one or more of the conditions described below: (a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays; (b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests

	of the Unit Holders; (c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, so that the value of the securities of the Scheme cannot be accurately or reliably arrived at; (d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the Scheme; (e) In case of natural calamities, floods, large scale disruptions, war, strikes, riots, and bandhs; (f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar; or (g) If so directed by SEBI. In any of the above eventualities, the time limits for processing requests for Subscription and Redemption of Units will not be applicable. All Subscription and Redemption of Units will be processed on the basis of the immediately next Applicable NAV after the resumption of dealings in Units. The Mutual Fund/Trustee/AMC also reserves the right, at their sole discretion, to withdraw or suspend facility of Sale and/or Repurchase and/or Switch of Units in the Scheme, temporarily or indefinitely, if in the opinion of the AMC, a further increase in the Scheme's corpus may be detrimental to the interests of the existing Unit Holders. However, the suspension of Sale/Repurchase/ Switch will be made with the approval of the Trustee. In such event, an application to Purchase Units is not binding on, and may be rejected by, the Trustee, the AMC or their respective agents.

B. ONGOING OFFER DETAILS

Ongoing Offer Period This is the date from which the Scheme will reopen for subscription/redemption after the closure of the NFO period.	The Ongoing Offer Period will commence from not later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of allotment of Units.

Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the Fund) by investors. This is the price that an investor will pay for purchase / switch in.	During the Ongoing Offer Period, the Units of the Scheme will be available at the Applicable NAV.
Ongoing price for redemption (sale)/switch outs (to other schemes/plans of the Fund) by investors This is the price that an investor will receive for redemptions / switch outs. **Example:** If the Applicable NAV is Rs.10 and the exit load is 2%, then redemption price will be: Rs.10*(1-0.02) = Rs. 9.80.	Units can be redeemed/switched out at the Applicable NAV subject to prevailing Exit Load, if any. For example, if the Applicable NAV of a Scheme is Rs.10/- and the Exit Load is 2%, then the Redemption Price will be calculated as follows: Redemption Price = Rs. 10* (1-2%) i.e. Rs. 10*0.98 = Rs. 9.80/- Redemption amount of 500 Units = 500*9.80 = Rs.4,900 (subject to applicable taxes) The Mutual Fund will ensure that the Redemption Price will not be lower than 93% of the Applicable NAV and the Purchase Price will not be higher than 107% of the Applicable NAV, provided that the difference between Redemption Price and the Purchase Price at any point in time shall not exceed the permitted limit prescribed by SEBI from time to time, which is currently 7% calculated on the Purchase Price.
Cut off timing and applicable NAV for subscriptions / redemptions This is the time before which your application (complete in all respects) should reach the official points of acceptance.	The cut-off time for Subscriptions/ Redemptions/Switches and Applicable NAV will be as under: **Cut-off time for NAV for Purchase / Subscription / Switch-in** The following Cut-off times shall be observed by the Mutual Fund in respect of valid applications accepted for Purchase of Units and Switch-in transactions, and the following NAVs shall be applied for such Purchase / Switch-in : (a) where the application is received upto 3.00 p.m. with a local cheque or demand draft

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	payable at par at the place where it is received – closing NAV of the day of receipt of application; and (b) where the application is received after 3.00 p.m. with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the next Business Day. Payments by cash, postal orders, money orders, non-MICR and outstation cheques/drafts and third party payment instruments will not be accepted. **Cut-off time for NAV for Redemption / Switch-out** The following Cut-off times shall be observed by the Mutual Fund in respect of valid applications accepted for Redemption of Units and Switch-out transactions, and the following NAVs shall be applied for such Redemption/Switch-out: (a) where the application is received up to 3.00 p.m. – closing NAV of the day of receipt of application; and (b) where the application is received after 3.00 p.m. – closing NAV of the next Business Day.
Where can the applications for purchase/ redemption / switches be submitted?	Investors can submit the Application Form at the ISCs, details of which are provided at the end of this Document. The AMC has the right to designate additional centre(s) of the Registrar as official point(s) of acceptance during the Ongoing Offer Period and change such centres as it may deem fit. **Transactions through electronic mode:** The Mutual Fund may (at its sole discretion and without being obliged in any manner to do so and without being responsible and/or liable in any manner whatsoever) allow transactions in units by electronic mode (web/electronic transactions) including transactions through the various web sites with which the AMC would have an arrangement from time to time. Subject to the investor fulfilling certain terms and conditions as stipulated by the

	AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund or the Registrar may accept transactions through any electronic mode including web transactions as may be permitted by SEBI or other regulatory authorities from time to time.
Minimum amount for Purchase / Redemption / Switches	**<u>For initial Purchase</u>** Rs. 5,000/- and in multiples of Re. 1/- thereafter. **<u>For additional Purchase</u>** Rs. 500/- and in multiples of Re. 1/- thereafter. **<u>For Redemption</u>** The minimum amount for Redemption shall be Rs. 500/- or equivalent Unit value and in multiples of Re. 1/- thereafter. In case the Unit balance in a folio subsequent to a Redemption request falls below Rs. 500/-, all Units under that folio will be redeemed. **<u>For Switches</u>** The minimum amount in case of inter / intra scheme Switches shall be the minimum amount required in the respective transferee scheme / plan.
Minimum balance to be maintained and consequences of non maintenance.	The Unit Holder has to maintain a minimum balance of Rs. 500/- in his account. However, the AMC/Trustee reserve the right to change it at any further date by giving advance notice. The AMC at its sole discretion may close a Unit Holder's account after giving notice of 45 days, if at the time of any part Repurchase and/or Systematic Withdrawal/Switch Plan, the value of Units (represented by the Units in the Unit Holder's account if such Repurchase were to take place, valued at the Applicable NAV related price), falls below the minimum investment/balance required for the Scheme as mentioned above (or such other amount as the AMC may decide from time to time) or where the Units are held by a Unit Holder in breach of any Regulation.

	The AMC also has the right, at its sole discretion, to redeem appropriate number of Units and/or close Unit Holder's account in the event he does not invest the requisite amount or does not submit the requisite proof/documents/information.
Special Products available	**1) Systematic Investment Plan** This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to "invest as you earn" and affords the investor an opportunity to enter the market regularly, thus averaging the acquisition cost of Units. SIP allows investors to invest a fixed amount of Rupees on specific dates every month or quarter by purchasing Units of the Scheme at the Purchase Price prevailing at such time. Any Unit Holder can avail of this facility subject to certain terms and conditions contained in the Application Form. The SIP payments can be made either by issue of post dated cheques or by availing the direct debit facility through ECS. However, during the NFO Period, the AMC will accept SIP only via the direct debit facility. SIP post dated cheques will not be accepted during the NFO Period. **Direct debit facility in SIP through ECS** Unit Holders investing under SIP in the Scheme during the NFO Period have to avail the facility of direct debit through Electronic Clearing Service (ECS Facility offered by RBI). Direct debit allows an investor to instruct his bank to debit his bank account at periodic intervals for making investments in mutual fund scheme(s). However the first investment in SIP under this mode shall be by way of cheque only. For subsequent installments, investors can choose between 1^{st}, 7^{th}, 14^{th} and 21^{st} of a month for the SIP. This facility is available in select locations as indicated on the reverse of the SIP Auto-Debit

	Form. The SIP request should be for a minimum of twelve installments. There shall be a gap of at least 45 days between the date of closure of the NFO and the date of the first installment through ECS in case of a SIP initiated during the NFO Period. There shall be a gap of at least 30 days between the date of the first and second installment in the case of a SIP initiated during the Ongoing Offer Period. Please refer to the SIP application form for further details. The minimum SIP installment amount is Rs. 500/-. The Load structure prevailing at the time of submission of the SIP application (whether fresh or extension) will apply for all the installments indicated in such application. For applicable Load on Purchases through SIP, please refer to **Section IV(C)-Load Structure**. Investors are requested to note the following : (i) Default date: If the SIP date/frequency is not selected or in case of any ambiguity, the SIP date will be 7th of each month and the default frequency will be monthly. (ii) In case of SIP through post-dated cheques, except for the first cheque, the balance SIP installments must be uniformly dated as of the dates mentioned above and bear the same amount over the SIP tenure. (iii) If the documents submitted for SIP registration are subsequently found to be incomplete or deficient in any manner whatsoever, the Trustee/AMC reserve the right to reject such SIP applications. For such rejected cases, the Units initially allotted to the applicant at the time of processing the first SIP will not be reversed. (iv) There is no upper limit for an SIP installment. (v) Investors are requested to fill up the SIP application form along with ECS Form/SIP Auto Debit Form if they choose to opt for the

	ECS / auto debit facility. (vi) Outstation cheques will not be accepted for SIP investments. (vii) In case of insufficient funds in the investor's bank account on two consecutive occasions, the Trustee / AMC shall forthwith terminate the SIP. **2) Systematic Withdrawal Plan** This facility enables the Unit Holders to withdraw sums from their Unit accounts in the Scheme at periodic intervals through a one-time request. The withdrawals can be made on monthly basis on 1st, 7th, 14th or 21st of every month. Minimum number of installments should be twelve. This facility is available in two options to the Unit Holders: **Fixed option** Under this option, the Unit Holder can seek Redemption of a fixed amount of not less than Rs. 500/- from his Unit account. In this option, the withdrawals will commence from the start date (being one of the dates indicated above) mentioned by the Unit Holder in the Application Form for the facility. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought. In case the day on which the withdrawal is sought is a Non Business Day for the Scheme, the same will be processed on the immediately following Business Day. **Appreciation option** Under this option, the Unit Holder can seek Redemption of an amount equal to a periodic appreciation on the investment. The Unit Holder redeems only such number of Units, which when multiplied by the Applicable NAV is, in amount terms equal to the appreciation in his investment over the last month provided the appreciation is atleast Rs. 500/-. In the absence of any appreciation or appreciation less than Rs. 500/- as mentioned above, the withdrawal under this option will not be made for that month. The Unit Holder would need

	to indicate in his systematic withdrawal request, the commencement/start date from which the appreciation in investment value should be computed. The withdrawal will commence after one month from the commencement/start date mentioned by the Unit Holder in the Application Form and can, at the Unit Holder's discretion be on 1st, 7th, 14th or 21st of the month. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought. In case the day on which the withdrawal is sought is a Non Business Day for the Scheme, the same will be processed on the immediately following Business Day. In case the Unit Holder purchases additional Units, the withdrawal amount would include the appreciation generated on such Units as well. In the absence of any appreciation or appreciation less than Rs. 500/-, the Redemption under this option will not be made. **3) Systematic Transfer Plan** This facility enables the Unit Holders to Switch an amount from their existing investments in a scheme/plan/option of the Mutual Fund, which is available for investment at that time at periodic intervals through a onetime request. The Switch can be made either weekly, fortnightly or monthly. Under this facility the Switch by the Unit Holders should be within the same account/folio number. The Unit Holder has to fulfill the following criteria in order to avail of the Systematic Transfer Plan – (i) A Unit Holder has to have a minimum balance of Rs. 25,000/- in a liquid scheme or (ii) Rs. 10,000/- in a non-liquid scheme (in a particular folio) or (iii) the minimum amount as stated in the SID of the respective transferor scheme, whichever is higher or (iv) A minimum of twelve such transfers has to be submitted for the STP. The transfer will be effected by way of a Switch, i.e. Redemption of Units from one scheme and investment of the proceeds thereof, in the other scheme at the then prevailing terms of both

	schemes. All transactions by way of STP shall, however, be subject to the terms (other than minimum application amount) of the target scheme. A Unit Holder who opts for an STP has the choice of switching (i) a fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme from which the transfer is sought, as detailed below. **Fixed Amount** Under this alternative, a Unit Holder may Switch a fixed amount of at least Rs. 500/- per transaction and the 'STP Date' for the Switch will be as under: (i) where a weekly STP is opted for, the STP Date shall be the 1st, 7th, 14th or 21st, as the case may be, for the period concerned; (ii) where a fortnightly STP is opted for, the STP Date shall be the 1st, 7th, 14th or 21st, as the case may be. For example if the Unit Holder selects 1st then the next date could be 15th or if he selects 7th then the next date could be 21st of the month; (iii) where a monthly STP is opted for, the STP Date shall be the 1st, 7th, 14th or 21st, as the case may be, of the month concerned. The Units in the Scheme/option from which the Switch-out is sought will be redeemed at the Applicable NAV of the Scheme/option on the respective dates on which such Switches are sought and the new Units in the scheme/plan/option to which the Switch-in is sought will be created at the Applicable NAV of such scheme / plan / option on the respective dates. In case the day on which the transfer is sought is a Non Business Day for the Scheme, the same will be processed on the immediately following Business Day. **Appreciation** Under this option, the Unit Holder can seek Switch of an amount equal to the periodic appreciation on

	the investment. This facility is available only under monthly frequency. Under this option the Unit Holder switches only proportionate number of Units, which when multiplied by the Applicable NAV is, in amount terms equal to the appreciation in the investment over the last month. The Unit Holder has to mention a "Start Date". The 'STP Dates' available under this alternative are 1st, 7th, 14th or 21st of the month. The first Switch will happen after one month from the start date. In case the Unit Holder purchases additional Units, the amount to be switched would be equal to the appreciation generated on such Units, provided the appreciation is atleast Rs. 500/-. In the absence of any appreciation or appreciation less than Rs. 500/- as mentioned above, the Switch under this option will not be made for that month. The Units in the Scheme/option from which the Switch - out is sought will be redeemed at the Applicable NAV of the Scheme/option on the respective dates on which such Switches are sought and the new Units in the scheme/option to which the Switch - in is sought will be allotted at the Applicable NAV of such scheme/option on the respective dates. In case the day on which the transfer is sought is a Non Business Day for the Scheme, the same will be processed on the immediately following Business Day. **4) Dividend Transfer Plan** Dividend Transfer Plan (DTP) is a facility wherein Unit Holder(s) of "Source Scheme(s)" of the Mutual Fund can opt to automatically invest the Dividend (as reduced by the amount of applicable statutory levy) declared by the eligible Source Scheme(s) into the "Target Scheme(s)" of the Mutual Fund. DTP facility will be available to Unit Holder(s) in the Dividend option of the Source Scheme(s). However, the DTP facility will not be available to Unit Holder(s) under the Daily Dividend option/sub-option in the Source Scheme(s). The enrolment of an Unit Holder under the DTP facility will automatically override any previous instructions for "Dividend Pay-out" or "Dividend Re-investment" facility in the Source

	Scheme. For an updated list of eligible Source Scheme(s) and Target Scheme(s), the Unit Holder is advised to contact the nearest ISC or the distributor or visit our website (www.daiwafunds.in). The Dividend amount to be invested under the DTP from the Source Scheme to the Target Scheme shall automatically be invested by subscribing to the units of the Target Scheme on the immediate next Business Day after the record date at the applicable NAV of the Target Scheme, without payment of Entry/Exit Load. Please refer to the DTP Enrolment Form for terms and conditions before enrolment. The AMC/Trustee reserves the right to change/modify the terms and conditions of the DTP on a prospective basis. **Note :** (i) Unit Holders who avail of either the SIP or SWP or STP facility can at any time opt out of the facilities or can Purchase, Redeem or Switch outside these facilities at their convenience. (ii) Units marked under "pledge" or "lien" under the Scheme shall not be eligible for STP and SWP. **5) Switching** **(i) Inter-Scheme switching** Unit holders under the Scheme have the option to Switch part or all of their Unit holdings to any other open ended scheme(s) launched by the Mutual Fund from time to time. The Mutual Fund also provides the investors the flexibility to Switch their investments from any other open-ended scheme(s) / plan (s) that will be offered by the Mutual Fund in future to this Scheme. This option will be useful to Unit holders who wish to alter the allocation of their investment among the open ended scheme(s) / plan(s) of the Mutual Fund (subject to completion of lock-in period, if any, of

	the Units of the scheme(s) from where the Units are being switched) in order to meet their changed investment needs. The Switch will be effected by way of a Redemption of units from the Scheme and a reinvestment of the Redemption proceeds in an open-ended scheme/plan. Accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (for e.g. applicable cut off time and NAV, minimum amount to be subscribed/ redeemed, Entry/Exit Load, etc.) The price at which the Units will be switched out will be based on the Redemption Price, and the proceeds will be invested in any open ended scheme/plan at the prevailing sale price for units in that scheme/plan. Valid applications for 'Switch-out' shall be treated as applications for Redemption and valid applications for 'Switch-in' shall be treated as applications for Purchase. Switch requests will only be accepted if both the schemes have a Business Day on the date of receipt of the request. Else it will be treated for the next Business Day on which both schemes have a Business Day. **(ii) Intra - Scheme switching option** Investors can Switch between different options under the Scheme. No Exit Load will be charged in respect of such intra-scheme switching. Switches will take place at the Applicable NAV based prices and the difference between the NAVs of the two plans will be reflected in the number of Units allotted.	
Account Statements	**Units held in physical form :** As per SEBI Regulations, an account statement reflecting the number of Units allotted shall be dispatched to the sole/first Unit Holder by ordinary post/courier/speed post not later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the closure of the NFO.	Std. Ob. 18

	For normal transactions (other than SIP/STP) during ongoing Sales and Repurchase The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of Units allotted. In the Ongoing Offer Period, the account statement will be sent by ordinary post/courier/electronic mail to each Unit Holder, stating the number of Units purchased/redeemed, generally within 5 Business Days, but not later than 30 days from date of acceptance of the valid application. The account statements shall be non-transferable. If the Unit Holder so desires, non-transferable Unit Certificate will be issued within 30 days of the receipt of request for the certificate. For those Unit Holders who have provided an e-mail address, the AMC will send the account statement by e-mail. The Unit Holder may request for a physical account statement by writing/calling the AMC/ISC /Registrar. The same shall be sent by ordinary post or courier within 5 working days of receipt of such request. **For SIP/STP transactions** Account statement for SIP/STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter. A soft copy of the account statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated. However, the first account statement under SIP/STP shall be issued within 10 working days of the initial investment / transfer. In case of specific request received from investors,

	the Mutual Fund shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges. **Annual Account Statement** The Mutual Fund 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. The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated. **Units held in demat form :** In case of Units held in dematerialized form, the Unit Holder will receive the holding statement directly from the respective Depository Participant at such frequency as may be defined in the Depository Act or regulations or on specific request.
Dematerialization of Units	The Unit Holders are given an option to hold the units by way of an Account Statement (Physical form) or in Dematerialized ("Demat") form. Mode of holding shall be clearly specified in the Application 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 is required to have a beneficiary account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to indicate in the Application Form, the DP's name, DP ID Number and the beneficiary account number of the applicant

	with the DP. In case Unit Holders do not provide their Demat Account details, an Account Statement shall be sent to them.
Dividend	The Dividend proceeds shall be dispatched to the Unit Holders within 30 days of the date of declaration of the Dividend.
Redemption	The Redemption or Repurchase proceeds shall be dispatched to the Unit Holders within 10 working days from the date of receipt of valid Redemption or Repurchase request.
Delay in payment of redemption/repurchase proceeds	The AMC 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). However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC/Trustee is required to obtain from the Unit Holder verification of identity or such other details as may be required under any applicable law or as may be required by a regulatory authority which may result in delay in processing the application.
Bank Account Details	As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their Application Forms 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 Mutual 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.
Registration of multiple bank accounts	Investors may register multiple bank accounts in a folio by submitting a duly filled and signed registration form alongwith such documents as may be specified by the AMC. The bank account(s) shall be registered by the AMC only after due verification and validation of the documents submitted by the investor. The Unit Holder may designate one of the registered bank accounts as the default account which will be used by the AMC for all Redemption/Dividend payouts.
Change of bank mandate	Unitholders may change their bank details registered with the Mutual Fund by submitting the

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	following documents for their existing registered bank account and the new bank account sought to be registered : Cancelled cheque leaf/duly self attested copy of the cancelled cheque leaf for the bank account. If the bank account number on the cheque leaf is handwritten or the name is not printed on the face of the cheque, copy of the bank account statement or pass book giving the name, address and account number should be enclosed. Copy of any document, if submitted, should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. In case the existing bank account is already closed, the Unit holder should submit a duly stamped original letter from the bank on the bank's letterhead, confirming closure of the account. The documents to be submitted should be complete in all respects to the satisfaction of the AMC, failing which the request for the change of bank mandate will not be processed. Redemptions / Dividend payments, if any, will be processed as per specified service standards and the last registered bank account information will be used for such payments to the Unit holders.

<u>Important note:</u> Daiwa AMC is committed to complying with all applicable anti money laundering and KYC laws and regulations in all jurisdictions that it operates in. The Mutual Fund reserves the right to, in its sole and absolute discretion, reject applications for transactions in Units if requirements under anti-money laundering laws / regulations and/or KYC requirements are not satisfied. Please refer to Sections II and V of the Statement of Additional Information for details in relation to anti-money laundering and KYC requirements.

C. PERIODIC DISCLOSURES

Net Asset Value This is the value per Unit of the Scheme on a particular day. A Unit Holder can ascertain the value of his/her/its' investments by multiplying the NAV with the	The Mutual Fund shall declare the first NAV of the Scheme within a period of 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of allotment of Units. Subsequently, the NAVs will be calculated and disclosed on every Business Day.

Unit balance.	The AMC shall update the NAVs on AMFI's website (www.amfiindia.com) and also on the Mutual Fund's website (www.daiwafunds.in) before 9.00 p.m. on every Business Day. If the NAVs are not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV. The NAVs of the Scheme will be calculated by the Mutual Fund on all Business Days and details may be obtained by calling the toll-free number 1-800-419-5000 or the investor care number 6000 5555 of the AMC. The Mutual Fund will publish on all Business Days the NAVs, Purchase Price and Redemption Price of the Scheme in at least two daily newspapers.
Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.	Full portfolio details of the Scheme, in the prescribed format, shall be disclosed either by publishing it in one national English daily newspaper circulating in the whole of India and in a regional newspaper published in the language of the region where the Head Office of the Mutual Fund is situated or by mailing it to the Unit Holders within one month from the close of each half year (i.e. 31^{st} March and 30^{th} September). The portfolio details shall also be displayed on the websites of the Mutual Fund (www.daiwafunds.in) and AMFI (www.amfiindia.com). The Mutual Fund shall before the expiry of one month from the close of each half year (March 31^{st} and September 30^{th}) publish its unaudited financial results in atleast one national English daily newspaper circulating in the whole of India and one regional newspaper in the language of the region where the Head Office of the Mutual Fund is located. These shall also be displayed on the websites of the Mutual Fund (www.daiwafunds.in) and AMFI (www.amfiindia.com).
Half Yearly Results	The Mutual Fund and AMC shall before the expiry of one month from the close of each half year that is on 31^{st} March and on 30^{th} September, publish its

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<table>
<tr><td></td><td>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.

These shall also be displayed on the websites of the Mutual Fund (www.daiwafunds.in) and AMFI (www.amfiindia.com).</td></tr>
<tr><td>Annual Report</td><td>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 accounting year i.e. 31st March each year. Further, the full Annual Report will be available for inspection at the Head Office of the Mutual Fund and a copy will be sent to the Unit Holders, free of cost, on specific request. The Mutual Fund shall disclose the Annual Report on its website (www.daiwafunds.in).</td></tr>
<tr><td>Associate Transactions</td><td>Please refer to Statement of Additional Information (SAI).</td></tr>
<tr><td>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.</td><td>
<table>
<tr><th></th><th>Resident investors</th><th>Mutual Fund</th></tr>
<tr><td>Tax on Dividend</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Tax on Capital Gains:

Long Term

Short Term</td><td>

Nil

15%
(plus applicable surcharge and education cess)</td><td>

Nil

Nil</td></tr>
</table>

Upon Redemption of the Units, Securities Transaction Tax (“STT”) would be payable by the Unit Holders at the applicable rate(s). (Currently 0.25% of the Redemption Price is being charged as STT).

Investors are requested to note that the tax position prevailing at the time of investment may change in future due to statutory amendment(s). The Mutual Fund will pay/deduct taxes as per the applicable tax laws on the relevant date. Additional tax liability, if any, imposed on investors due to such changes in the tax structure, shall be borne solely by the investors</td></tr>
</table>

	and not by the AMC or Trustee. **For further details on taxation, investors are requested to refer to Section V(A) – Taxation on investing in Mutual Funds in the SAI.**
Investor Services	Investors can enquire about NAVs, Unit Holdings, Valuation, Dividends, etc. or lodge any service request at toll-free number 1-800-419-5000 or the investor care number 6000 5555 of the AMC. Alternately, the investors can call the AMC branch office as well for any information. In order to protect confidentiality of information, the service representatives at the AMC's branches / Karvy ISCs may require personal information of the investor for verification of his identity. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly. Investor grievances should be addressed to the ISC of the AMC, or at Karvy's ISC directly. All grievances received at the ISC of the AMC will then be forwarded to Karvy, if required, for necessary action. The complaints will closely be followed up with Karvy by the AMC to ensure timely redressal and prompt investor service. Investors can also address their queries to the Investor Relations Officer, Mr. Mohammed Pardawala, at 5th floor, Harchandrai House, 81, Maharshi Karve Road, Marine Lines, Mumbai – 400 002. Investors may also send their complaints by email to investorcare@daiwafunds.in or can call on toll-free number 1-800-419-5000 or the investor care number 6000 5555 of the AMC.

D. Computation of NAV

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

$$\text{NAV (Rs. Per Unit)} = \frac{\text{Market or Fair Value of Scheme's investments (+) Current Assets (including accrued interest) (-) Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

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

Valuation of the Scheme's assets, calculation of the Scheme's NAV and the accounting policies and standards will be subject to such norms and guidelines that SEBI may prescribe from time to time and shall be subject to periodic audit.

The NAV will be normally calculated on all Business Days and will be rounded off upto two decimal places and Units will be allotted upto three decimal places. The first NAV of the Scheme (including its options) will be calculated and announced not later than 5 Business Days (or such number of days as may be permitted under the SEBI (MF) Regulations) from the date of allotment of Units.

Please refer to the SAI for information on the valuation of the assets of Scheme.

IV. FEES AND EXPENSES

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

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, marketing and advertising, registrar expenses, printing and stationary, bank charges, etc. The New Fund Offer expenses in relation to the Scheme shall be borne by the AMC. Thus, for every Rs. 100/- contributed by the investor the entire Rs. 100/- will be available to the Scheme for investment. The AMC/Trustee may charge NFO expenses or any other fees/charge (by whatever name called) to the Scheme/Unit Holders on a prospective basis, as may be permitted under the SEBI Regulations.

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 2.50% of the daily/weekly average net assets of the Scheme will be charged to the Scheme as expenses. A break up of the estimated expenditure may be seen hereunder. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund (www.daiwafunds.in). The current expense ratios will be updated on the website of the Mutual Fund (www.daiwafunds.in) within two working days mentioning the effective date of the change.

Particulars	**% of Daily/Weekly Average Net Assets**
Investment Management and Advisory Fee	1.25
Custodial Fees	0.10

Particulars	% of Daily/Weekly Average Net Assets
Registrar and Transfer Agent Fees including cost related to providing accounts statement, Dividend / Redemption cheques / warrants, etc.	0.15
Marketing and Selling Expenses including agents' commission and statutory advertisement	0.50
Brokerage and Transaction Cost pertaining to the distribution of Units	0.25
Audit Fees / Fees and Expenses of Trustees	0.10
Costs related to investor communications	0.05
Cost of fund transfer from location to location	0.05
Other expenses* *(to be specified)*	0.05
Total Recurring Expenses	**2.50**

* Any other expenses which are directly attributable to the Scheme may be charged with approval of the Trustee provided the same is permitted and falls within the overall limits as specified in the SEBI (MF) Regulations.

The annual expense detail shown above is provided in order to assist the investor in understanding the various costs and expenses that an investor in the Scheme will bear directly or indirectly. The above estimates are based on a corpus size of Rs. 100 crores under the Scheme and would change to the extent the corpus size is lower or higher. The expenses under any head may vary from those specified in the table above, but the total recurring expenses that can be charged to the Scheme will be subject to the limits prescribed from time to time under the SEBI Regulations.

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 the SEBI (MF) Regulations.

As per the SEBI (MF) Regulations, the maximum recurring expenses that can be charged to the Scheme shall be subject to a percentage limit of average daily/weekly net assets as in the table below:

First Rs. 100 crores	Next Rs. 300 crores	Next Rs. 300 crores	Over Rs. 700 crores
2.50%	2.25%	2.00%	1.75%

Subject to SEBI (MF) Regulations, expenses over and above the prescribed limit shall be borne by the AMC.

In terms of the IMA and the SEBI (MF) Regulations, the AMC is entitled to an investment management fee at 1.25% per annum of the daily/weekly average net assets for a corpus up to Rs.100 crores and at 1.00% per annum for the corpus amount in excess of Rs.100 crores.

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 distributors 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 Mutual Fund (www.daiwafunds.in) or you may call at the toll-free number 1-800-419-5000 or the investor care number 6000 5555 or can also contact your distributor.

The Entry and Exit Load structure of the Scheme is as under :

Load	**Particulars**	**Load (% of Applicable NAV)**
Entry Load	Not Applicable	
Exit Load	If the Units are redeemed/switched-out within one year from the date of allotment	1%
	If the Units are redeemed/switched-out after one year from the date of allotment	Nil

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. Similarly, no Entry Load will be charged with respect to applications for registrations under SIP/STP accepted by the Fund.

The upfront commission on investment made by the investor, if any, shall be paid to the AMFI registered distributor directly by the investor, based on the investor's assessment of various factors including service rendered by the distributor.

Further, as per SEBI circular no. SEBI/IMD/CIR No. 14/120784/08 dated March 18, 2008, no Exit Load will be charged by the AMC on the issue of bonus Units or Units allotted on reinvestment of Dividends.

In terms of the SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, the Exit Load or CDSC charged to the investor, a maximum of 1% of the Redemption proceeds shall be maintained in a separate account which can be used by the AMC to pay commissions to the distributors and to take care of other marketing and selling expenses. Any balance shall be credited to the Scheme immediately.

The investor is requested to check the prevailing Load structure of the Scheme before investing. For any change in Load structure, the AMC will issue an addendum and display it on its website at www.daiwafunds.in / ISCs.

The Redemption Price however, will not be lower than 93% of the NAV, and the Purchase Price will not be higher than 107% of the NAV, provided that the difference between the Redemption Price and the Purchase Price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Purchase Price.

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The AMC/Trustee reserve the right to change/ modify the Load structure / CDSC if it so deems fit, subject to SEBI Regulations. The AMC/Trustee may charge additional load/expense or any other charge (by whatever name called) to the Scheme/Unit Holders on a prospective basis, as may be permitted under the SEBI Regulations. Any imposition or enhancement in the Load shall be applicable on prospective investments only. At the time of changing the Load structure, the AMC shall follow the below mentioned measures to avoid complaints from investors about investment in the Scheme without knowing the Loads:

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(i) The addendum detailing the changes shall be attached to the SID and Key Information Memorandum. The addendum shall be circulated to all the distributors/brokers so that the same can be attached to all SID and Key Information Memoranda already in stock. The addendum shall also be sent along with the newsletter sent to the Unit Holders immediately after the changes.
(ii) Arrangements shall be made to display the addendum to the SID in the form of a notice in all the ISCs and distributors/brokers office.
(iii) The introduction of the Load/ CDSC alongwith the details shall be stamped in the acknowledgement slip issued to the investors on submission of the Application Form and shall also be disclosed in the statement of accounts issued after the introduction of such Load/CDSC.
(iv) 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.
(v) Any other measure which the Mutual Fund may feel necessary.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no Entry Load shall be charged for all mutual fund schemes. Therefore, the procedure for waiver of Load for direct applications is no longer applicable.

V. RIGHTS OF UNITHOLDERS - Please refer to **Section III** in 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

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This section contains the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

Sr. No.	SEBI Requirement	Response
1	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
2	In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.	Not Applicable
3	Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the	Nil

Sr. No.	SEBI Requirement	Response
	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.	
4	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
5	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 be disclosed.	Nil

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

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<u>NOTE:</u> The Scheme under this Scheme Information Document (SID) was approved by the Trustee on May 31, 2011. The Trustee confirms that the Scheme approved is a new product offered by Daiwa Mutual Fund. The Trustee also certifies that the AMC complies with the requirements of Regulation 18(4) of the SEBI (Mutual Funds) Regulations, 1996.

For and on behalf of the Board of Directors of
Daiwa Asset Management (India) Private Limited
(Investment Manager to Daiwa Mutual Fund)

sd/-

Place: Mumbai
Date: XXXX

Piyush Surana
Chief Executive Officer