

**Sahara Asset Management Company Private Limited**

Investment Manager to Sahara Mutual Fund.

SEBI Regn No: MF/030/96/0

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NOTICE-CUM-ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (SID) / KEY INFORMATION MEMORANDUM (KIM) OF SCHEMES OF SAHARA MUTUAL FUND**A) INTRODUCTION OF DIRECT OPTION FOR INVESTING DIRECTLY UNDER SCHEMES OF SAHARA MUTUAL FUND (APPLICATIONS NOT ROUTED THROUGH DISTRIBUTORS)**

NOTICE is hereby given that in accordance with Para D titled "Separate Option for direct investments" under Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 issued by Securities and Exchange Board of India (SEBI), the Board of Trustees of Sahara Mutual Fund ("Fund"), has decided to introduce a separate OPTION for direct investments (i.e. investments not routed through an AMFI Registration Number (ARN) Holder ("Distributor") (hereinafter referred to as "Direct OPTION") with effect from **January 1, 2013 ("Effective Date")**.

The details are as under

- 1. Introduction of Direct OPTION:** Direct OPTION is only for investors who purchase / subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.
- 2. Scheme eligibility:** Direct OPTION shall be introduced in a) all open-ended existing schemes of the Fund and (b) Sahara Interval Fund (commencing from 12th March 2013 being the start of the Specified Transaction Period immediately succeeding the Effective Date). (hereinafter collectively referred to as "the Schemes").
- 3. Options / Sub-options:** All options offered under the existing schemes will be available for subscription under the DIRECT Option. **Portfolio of the Scheme under the Existing options and Direct option will be common.**

Investors subscribing directly in the schemes of Sahara Mutual Fund will have to indicate the Scheme name in the application form as "Sahara Tax Gain Fund – "Dividend Option- Direct, Payout / Re-investment" or "Sahara Gilt Fund"- Growth Option – Direct- " etc. Investors are requested to refer to the Key Information Memorandum and Application form, website www.saharamutual.com with respect to the Direct Options available under the schemes.

- 4. Scheme characteristics:** Scheme characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, risk factors, facilities offered and terms and conditions including load structure will be the same for the Existing schemes and the investments under direct options except that:

(a) Switch of investments from options under the existing schemes (whether the investments were made before or after the Effective Date) to Direct Options shall be subject to applicable exit load, if any. However, no exit load shall be levied in case of switches from direct option to options under the Existing schemes. As exit load is not charged for the switches made from one option to another option of the same scheme, no load would be charged for the switches made from Existing option to Direct option

(b) Investments under the Direct Option shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged for Direct Options.

5. Applicable NAV and allotment of units:

(a) **Sahara Liquid Fund:** Units shall be allotted for valid applications received before cut-off time (subject to provisions on realization of funds) on January 1, 2013 under Direct Option at the Net Asset Value (NAV) of December 31, 2012 of the Existing corresponding option(s) under the scheme. Thereafter, separate NAVs will be calculated and published for Direct Option w.e.f January 1, 2013.

(b) **All Schemes other than Sahara Liquid Fund:** Units shall be allotted for valid applications received before cut-off time (subject to provisions on realization of funds, where applicable) on January 1, 2013 under Direct Options at the Net Asset Value (NAV) of January 1, 2013 of corresponding option(s) under Existing Schemes. Thereafter, separate NAVs will be calculated and published for Direct option(s) under the scheme w.e.f January 2, 2013.

(c) Where application is received without any Distributor Code in the Existing schemes **before cut-off time** on December 31, 2012, but the Applicable NAV based on realization of funds is on or after the Effective Date e.g. January 2, 2013, the Units will be allotted under respective options of the Existing schemes and not under Direct Option.

(d) Where application is received without any Distributor Code in the Existing schemes **after cut-off time** on December 31, 2012, the same shall be deemed to have been received on the next Business Day and hence the Units will automatically be allotted under the Direct Option at Applicable NAV.

- 6. Eligible investors / modes for applying:** All categories of investors (whether existing or new Unitholders) as permitted under the Scheme Information Document of the Schemes are eligible to subscribe under the applicable Direct option. Investments under Direct Option can be made through various modes offered by the Fund for investing directly with the Fund (except Stock Exchange Platform(s) and all other Platform(s) where investors' applications for subscription of units are routed through Distributors).

- 7. How to apply:** Investors subscribing directly in the schemes of Sahara Mutual Fund will have to indicate the Scheme name in the application form as "Sahara Tax Gain Fund – "Dividend Option- Direct, Payout / Re-investment" or "Sahara Gilt Fund"- Growth Option – Direct". Investors should also indicate "Direct" in the ARN column of the application form. However, in case Distributor code is mentioned in the application form, but "Direct Option" is indicated against the Scheme name, the Distributor code will be ignored and the application will be processed under Direct Option. Further, where application is received for Existing Schemes without Distributor code or "Direct" mentioned in the ARN Column, the application will be processed under Direct Option.

8. Existing Investments:

(a) Investors wishing to transfer their accumulated unit balance held under Existing schemes (through lump sum/systematic investments made with or without Distributor code) to the available Direct Option will have to switch /redeem their investments (subject to applicable Exit Load, if any) and apply under Direct Option.

(b) Investors who have invested without Distributor code and have opted for Dividend Reinvestment facility under the existing scheme/s may note that the dividend will continue to be reinvested in the Existing scheme/s only.

9. Investments through systematic routes:

(a) In case of Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) etc registered prior to the Effective Date without any distributor code under the existing schemes, installments falling on or after the Effective Date will automatically be processed under the Direct option.

(b) Investors, who had registered for Systematic Investment Plan facility prior to the Effective Date with distributor code and wish to invest their future installments into the available Direct option, shall make a written request to the Fund in this behalf. The Fund will take at least 15 days to process such requests. Intervening installments will continue in the Existing schemes.

In case of (a) and (b) above, the terms and conditions of the existing registered enrolment shall continue to apply.

- 10. Redemption requests:** Where Units under a Scheme are held under both Existing and Direct Options and the redemption / Switch request pertains to the Direct Option, the same must clearly be mentioned on the request (along with the folio number), failing which the request would be processed from the Options under the Existing options. However where units under the requested option are held only under one plan, the request would be processed under such plan.

- 11. Tax consequences:** Switch / redemption may entail tax consequences. Investors should consult their professional tax advisor before initiating such requests.

B) Aggregate fees and expenses charged to the scheme / Limitation on fees and expenses on issue of schemes:

The Asset Management Company (AMC) may charge the scheme with Investment and Advisory fees within the maximum limit of Total Expense Ratio (TER) of the scheme as prescribed in regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.

The total expenses of the scheme excluding issue or redemption expenses, whether initially borne by the mutual fund or by the asset management company, but including the investment management and advisory fee shall be subject to the following limits:-

- (i) On the first ` 100 crores of the daily net assets: 2.50%; (ii) On the next ` 300 crores of the daily net assets: 2.25%; (iii) On the next ` 300 crores of the daily net assets: 2.0%; (iv) On the balance on the assets: 1.75%

Provided that in respect of a scheme investing in bonds such recurring expenses shall be lesser by at least 0.25% of the daily net assets outstanding in each financial year.

In addition to the limits specified, additional expenses may be charged towards different heads mentioned under sub-regulations (2) and (4) of regulation 52 of the SEBI Regulations not exceeding 0.20% of the daily net assets of the scheme.

All other terms & conditions of the Schemes will remain unchanged.

This addendum shall form an integral part of the Scheme Information Document (SID) /Key Information Memorandum (KIM) for the Schemes of Sahara Mutual Fund as amended from time to time.

On behalf of the Board

For Sahara Asset Management Company Private Limited

Place: Mumbai

Date : 31st December, 2012.

Sd/-

Chief Executive Officer