



SAHARA
MUTUAL
FUND

Sahara Asset Management Company Private Limited

Investment Manager to Sahara Mutual Fund.

SEBI Regn No: MF/030/96/0

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Addendum to the Scheme Information Document(s) / Key Information Memorandum / Statement of Additional Information of the schemes of Sahara Mutual Fund

A. REVISION IN KNOW YOUR CUSTOMER (KYC) COMPLIANCE REQUIREMENTS

In line with revised AMFI guidelines on Implementation of Know Your Customer (KYC) under Prevention of Money Laundering Act, 2002, the Board of Trustees of Sahara Mutual Fund has decided to revise the threshold limit for KYC Compliance for investment in schemes of Sahara Mutual Fund by following category of investors.

Accordingly it will be mandatory for such Investors to be KYC compliant irrespective of the amount of Investments w.e.f. 1st October, 2010 for all fresh investment transactions (Purchase, Switch-in, Systematic Transfer plans etc)

1. All non-individual investors such as Companies, Body Corporate, Association of persons, Foreign Institutional Investors (FIIs), Hindu Undivided Family (HUF), Partnership Firms, Public Sector Undertakings, Societies, Banks Trusts etc
2. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO)
3. Investors (individual & Non-Individual) coming through Channel Distributors

The above category of investors for the purpose of KYC shall include (i) their constituted Power of Attorney (PoA) holder, in case of investments through a PoA and (ii) each of the applicants, in case of application in joint names.

All other terms and conditions of Statement of Additional Information/ Key information Memorandum(s) remain unchanged. This addendum shall form an integral part of the Statement of Additional Information/ Key information Memorandum(s).

B. TRANSFERABILITY OF MUTUAL FUND UNITS

The Board of Trustees of Sahara Mutual fund has approved transferability of units of schemes of Sahara Mutual Fund held in Dematerialized Form. This facility of transferability of units will not be available for units of Sahara Taxgain Fund (An open ended ELSS scheme) during the lock-in period.

All other terms and condition remain unchanged. This addendum shall form an integral part of the Statement of Additional Information/ Key information Memorandum(s).

C. ADDITIONAL DISCLOSURE ON "TRADING IN DERIVATIVES"

Pursuant to SEBI Circular No. Cir/ IMD/ DF/ 11/ 2010 dated 18th August, 2010 the Board of Trustees of Sahara Mutual Fund has approved that the existing positional limits and exposure norms under the head "Trading in Derivatives" as contained in the Scheme Information Document of schemes of Sahara Mutual Fund be replaced by the following w.e.f 1st October, 2010.

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. Schemes shall not write options or purchase instruments with embedded written options.
3. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
4. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
5. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following
 - a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
 - b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1 above.
 - c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
 - d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
6. Schemes may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
7. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
8. Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option Bought	Option Premium Paid * Lot Size * Number of Contracts.

All other terms and condition of the schemes remain unchanged. This addendum shall form an integral part of the Scheme Information Document issued for the scheme(s).

On behalf of the Board
For Sahara Asset Management Company Private Limited

Place : Mumbai

Date : 29th September, 2010

sd/-

Chief Executive Officer

Statutory Details: Sahara Mutual Fund has been set up as a trust under the Indian Trust Act 1882 (liability restricted to the corpus of Rs.1 lac) with Sahara India Financial Corporation Limited as Sponsor and Board of Trustees as Trust and Sahara Asset Management Company Private Limited as the Investment Manager to Sahara Mutual Fund. **Mutual Funds and securities investments are subject to market risks and the NAV of the scheme may go up or down depending upon the factors affecting the securities market. There can be no assurance or guarantee that the Scheme objectives will be achieved.** The past performance of the previous scheme, sponsor or its group affiliates is not indicative of and does not guarantee future performance of the scheme. The sponsor is not responsible or liable for any loss or shortfall resulting from the operations of the scheme beyond the initial contribution of Rs.1 lakh made by it towards setting up of the Mutual Fund. **Mutual Funds investments are subject to market risk. Please read the Scheme Information Document /Statement of Additional information carefully before investing.**