



# HOW DO YOU RECOGNIZE A SMART BUSINESS

## IDFC Equity Opportunity - Series 3

A close-ended equity scheme


### KEY INFORMATION MEMORANDUM (KIM)

NFO Opens : February 10, 2014 | NFO Closes : February 24, 2014

Maturity Date : November 30, 2015




Offer of Units of Rs. 10 each during the New Fund Offer

**This product is suitable for investors who are seeking\*:**

- Long-term capital growth.
- Investment predominantly in Indian as well as overseas Equity and Equity related securities in either growth stocks or value stocks or both without any capitalization bias.
- High Risk  (Brown)

\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

**Note: Risk is represented as:**

-  (BLUE) Please understand that the principal will be at low risk
-  (YELLOW) Please understand that the principal will be at medium risk
-  (BROWN) Please understand that the principal will be at high risk

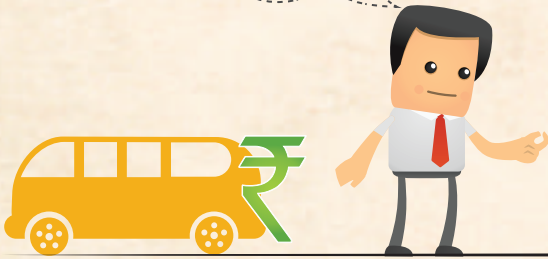


MR. SHAREHOLDER

MR. VIJAY  
(BUS COMPANY OWNER)

With this year's profit why don't you pay off debt?

I don't have excessive debt to pay off right now.



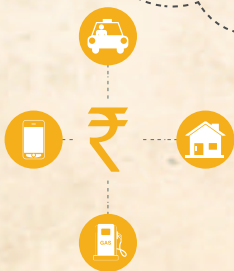
With this year's profit why don't you buy more buses?

All my buses are not fully utilized. I don't need to buy more buses.



With this year's profit why don't you invest outside the business?

I can make only 9% on my investment outside the business.



What do you think is the smart thing to do with this year's profit if you make a return less than cost of capital?



Thank you Mr. Shareholder but I will be returning a big part of this year's profit to you through dividends.



I am always happy to invest my capital in smart businesses like yours.



I will come back to you when I need more capital for growth.



Smart companies are returning capital to shareholders when the returns they can generate from business are below their cost of capital (shareholder expectations).

**IDFC Mutual Fund is putting together a portfolio of such companies paying out a higher percentage of their profit through dividends.**



**Markets reward companies who are prudent with their finances and pay out their profit when the money is better in the shareholder's hands than in their hands.**

#### Illustrative Example 1

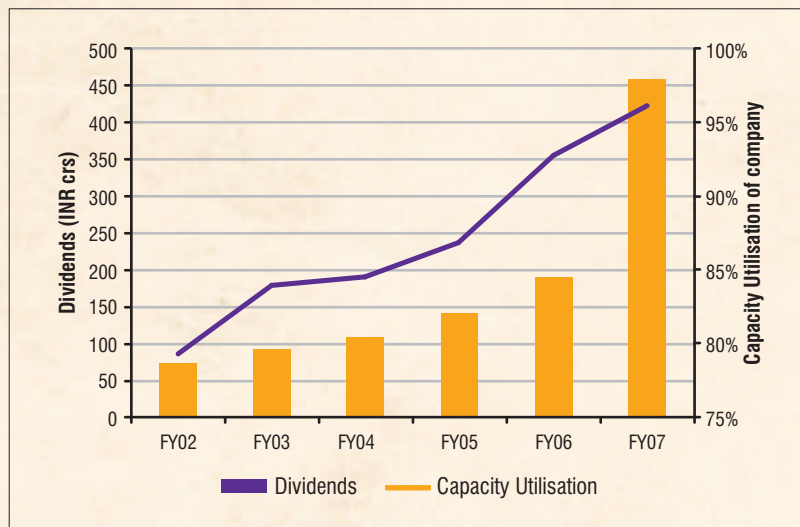
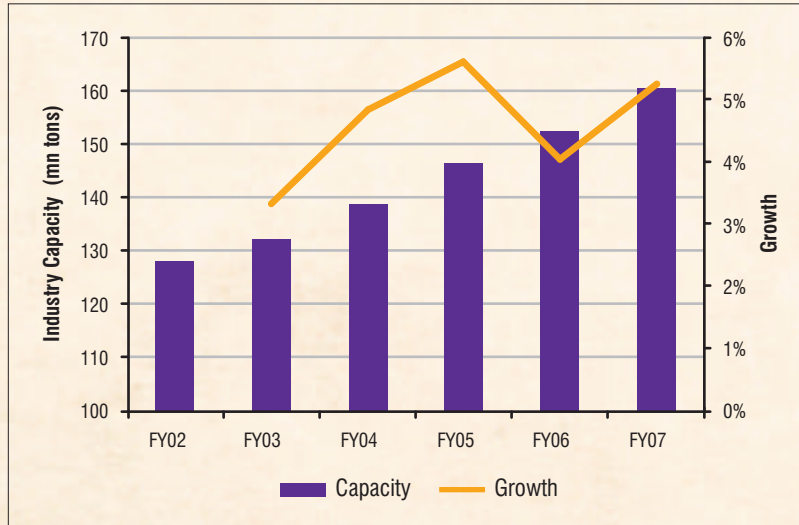
**The company is a major player in the engineering space.**

	FY02	FY03	FY04	FY05	FY06	Remarks
Gross Block (INR crs)	216.0	214.5	207.3	231.8	252.9	Gross Block up 17% over 4 years
Gross Sales (INR crs)	614.8	723.9	808.0	1287.7	1740.7	Sales went up by 183% over the same period
PAT(INR crs)	27.5	58.6	65.5	67.2	102.5	
Pay-out Ratio	9.2%	19.8%	49.2%	50.5%	36.0%	
Dividend Paid (INR crs)	2.5	11.6	32.2	33.9	37.0	Dividend went up by ~ 15 times
Market Capitalisation (INR crs)	185.9	328.9	888.0	1414.9	3710.3	Market Cap shot up by ~ 20 times

## Illustrative Example 2

### The company is a major cement player in the country

- Between 2002-2006, the average growth in capacity addition for the industry was just ~4.5%, which led to increase in utilization and profits.
- Low capex and good profits led high cash flow generation which was distributed by way of higher dividends. The dividends increased from Rs. 73 cr in FY02 to Rs. 461 cr in FY07.



### Fund Features

- 21 month lock-in
- Min Investment amount: Rs 5000 and in multiples of Rs. 10 thereafter
- Switch options will be available to investors on maturity in any of our existing open-ended schemes (excluding IDFC Premier Equity Fund): Subject to T&C of the respective fund
- Fund manager: Ankur Arora

**INSTRUCTIONS** Please read the Scheme Information Document carefully before signing the application form and tendering payment. The application form should be filled in Block letters in English only.

**A) INVESTORS DETAILS**

- i. Applicant's name and address must be given in full (P.O. Box No. alone is not sufficient).
- ii. All communication and payments shall be made to the first applicant or the Karta in case of HUF.
- iii. The subscription amounts can be tendered by cheque payable locally at any of the AMC offices or CAMS Collection Centres, crossed "A/c Payee only".
- iv. Please mention the application form number and the name of the first applicant on the reverse of the instrument.

**B) PAN DETAILS**

As per SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007, it is now mandatory that Permanent Account Number (PAN) issued by the Income Tax Department would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction. Accordingly investors will be required to furnish a copy of PAN together with the Application Form. Application Forms without these information and documents will be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed final.

**C) DETAILS FOR COMPLIANCE WITH ANTI MONEY LAUNDERING REGULATIONS OF SEBI**

Prevention of Money Laundering Act, the SEBI Circulars on Anti Money Laundering and the Client Identification implementation procedures prescribed by AMFI interalia require the AMC to verify the records of identity and address(es) of investors. To ensure adherence to these requirements, investors are required to approach Points of Service (POS) (list of POS available on amfiindia.com) appointed by CDSL Ventures Limited and submit documents for completion of appropriate KYC checks. The details for KYC compliance can also be downloaded from AMFI website, www.amfiindia.com or website of the mutual fund, www.idfcfm.com. The Mutual Fund website also prescribes the list of documents that can be submitted by investors to the POS to get their KYC checks completed.

KYC is mandatory for all investors w.e.f. 1st Jan 2011. It shall be mandatory for all Individual Investors, irrespective of the amount of investment, to quote the KYC Compliance Status of each applicant and attach a proof of KYC Compliance from the Effective Date. Individual Investors for the purpose of KYC Compliance shall include (i) their constituted Power of Attorney (PoA) holder, in case of investments through a PoA; (ii) guardian, in case of minor; and (iii) each of the applicants, in case of application in joint names. The sole applicant or in case of joint application, each of the applicants, falling within the category, should ensure compliance with requirements to submit necessary KYC documents to POS while filling the application form. In case of investments through Power of Attorneys (POA), the transaction request needs to be accompanied with the proof of having complied with KYC of POA holder and the investor. Registrars (CAMS) will overwrite static data of investors with data from CVL. After completion of KYC compliance, investors need to approach CVL for Change of Address and not Registrar (CAMS). In respect of KYC compliant Folio, prospective Change of Address received along with transaction slip will not be processed by Registrar (CAMS). The AMC reserves the right to reject subscription requests in the absence of appropriate compliance with the AML Laws.

**D) PAYMENT OPTIONS**

**RESIDENT INVESTORS**

1. The subscription amounts can be tendered by cheque payable locally at any location where we have an NFO Collection Centre and crossed "A/c Payee only". Application forms accompanied with outstation cheques/ post dated cheques will not be accepted.
2. Cheque has to be drawn on "IDFC Equity Opportunity - Series 3".
3. Investors residing in cities with no NFO Collection Centre can apply through DD. The AMC will not accept any request for refund of demand draft charges.
4. ASBA facility is available for investing in the Scheme. Investors wishing to avail such facility should fill in form titled "ASBA Form" (available on our website) and submit it to SCSB.

**NON-RESIDENT INVESTOR**

1. In case of FI/ NRIs/ Persons of Indian Origin applying on repatriation basis, payment may be made by Cheques drawn out of NRE/ FCNR Accounts.
2. In case of Indian Rupee drafts purchased from abroad or payments from FCNR/NRE accounts, a Certificate from the Bank issuing the draft confirming the debit and/ or foreign inward remittance Certificate (FIRC) issued by investor's banker should also be enclosed. The Mutual Fund reserves the right to hold redemption proceeds in case the requisite details are not submitted.

**E) INVESTMENT DETAILS AND DEFAULT OPTIONS**

- i. Minimum investment amount is Rs. 5,000/- and in multiples of Rs.10/- thereafter (for Direct & Regular Plan each).  
**Direct Plan:** Direct Plan 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.  
**Regular Plan:** Regular plan is for investors purchasing / subscribing units in this scheme through distributors.  
Investors subscribing under Direct Plan of a Scheme will have to indicate "Direct Plan" in the application i.e. "IDFC Equity Opportunity - Series 3". 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 Plan" is indicated against the Scheme name, the Distributor code will be ignored and the application will be processed under Direct Plan and no commission will be paid to the distributor. Further, where application is received for Regular Plan without Distributor code or "Direct" mentioned in the ARN Column, the application will be processed under Direct Plan.
- iii. Kindly select the Dividend Payout or Sweep Option on the Application Form.  
The dividend declared under this scheme will have sweep out option into any scheme of IDFC Mutual fund (except IDFC Premier Equity Fund) as opted by the investor.
- iv. If the mandate of operation is not clearly ticked, the default option will be 'Anyone or Survivor' in case the number of holders is more than one.
- v. You can auto switch your units from this scheme to any of our existing schemes (except IDFC Premier Equity Fund) at maturity by filling point # 10 of the application Form. Please note that this facility is only applicable for switch into our existing schemes and not to any other New Fund Offer that may be running parallel to this scheme.

**F) APPLICATIONS UNDER POWER OF ATTORNEY**

In case of an application under a Power of Attorney please submit a notarised copy of the Power of Attorney along with the application form. The Mutual Fund reserves the right to reject applications not accompanied by a Power of Attorney. Further, the Mutual Fund reserves the right to hold redemption proceeds in case the requisite documents are not submitted.

**G) APPLICATIONS BY LIMITED COMPANY/ FIRM/ TRUST/ BODY CORPORATE/ REGD. SOCIETY**

In case of an application by a Limited Company/ Body Corporate/ Registered Society/ Trust/ Partnership Firm, please submit the following documents, mandatorily along with the application form.

Trust : Duly certified copies of Trust Deed, specimen signatures of the authorised signatories & relevant resolution.  
Body Corporates : Duly certified copies of Memorandum & Articles of Associations and/or other documents governing the entity, specimen signatures of the authorised signatories & necessary Board Resolution.  
Partnership Firm : Duly certified copies of Partnership deed, Specimen signatures of the authorised signatories & relevant Resolution.

**H) BANK DETAILS**

Investors are requested to mention the bank account details where the redemption/ dividend cheques should be drawn, since the same is mandatory as per the directives issued by SEBI. Applications without this information will be deemed to be incomplete and are liable for rejection. The Mutual Fund reserves the right to hold redemption proceeds in case the requisite details are not submitted.

**I) DECLARATION AND SIGNATURES**

- i. Signature can be in English or in any other Indian language. Thumb impressions must be attested by a Magistrate/ Notary Public under his/ her official seal.
- ii. In case of HUF, the Karta will sign on behalf of the HUF.
- iii. Applications by minors should be signed by their guardian.

**J) GENERAL INSTRUCTIONS**

1. For direct applications, the Investor should write in the space provided for the broker code "Direct Application" or "Not Applicable (N.A.)".
2. In case of change in broker, the investor will be required to strike off the old broker code and countersign near the new broker code, before submitting the application form / transaction form / purchase form at the applicable collection centres / OPA (Official points of Acceptance).
3. The Registrar and the AMC shall effect the received changes in the broker code within the reasonable period of time from the time of receipt of written request from the investor at the designated collection centres / OPA. Decision of the Registrar/AMC in this regard shall be final and acceptable to all.
4. All Unitholders who have currently invested through channel distributors and intend to make their future investments through the Direct route, are advised to complete the procedural formalities prescribed by AMC from time to time. Any application may be accepted or rejected at the sole and absolute discretion of the Trustee, without assigning any reason whatsoever.
5. The Fund may from time to time commence/ discontinue Direct Credit arrangements with various banks for a direct credit of redemptions/ Dividends. Investors would not have to submit a separate consent letter to avail of this service. The AMC would commence this operation based on the bank mandate details forwarded by the Investor.
6. Any communication /despatch of redemption /dividend proceeds, account statements etc. to the unitholders would be made by the Registrar/AMC in such a manner as they may consider appropriate in line with reasonable standards of servicing. Dividend /Redemption proceeds may also be credited to the Unitholder's bank accounts electronically. In case the Unitholders require these to be sent by cheque/ draft using postal /courier service, the unitholders shall provide appropriate instructions for the same to the AMC/Registrar.
7. No entry load shall be charged for direct applications received by the AMC i.e. applications received through internet, submitted to AMC or collection centre/ Investor Service Centre that are not routed through any distributor/agent/broker. It shall also be applicable to additional purchases done directly by the investor under the same folio and switch-in to a scheme from other schemes if such a transaction is done directly by the investor.
8. **CAMS / AMC will accept the NFO applications (duly filled) from the investors along with the Cheques / RTGS/NEFT instructions/ any other mode of payment.**
9. **Please note the application forms have to be strictly submitted with the nearest local CAMS ISC or the IDFC Mutual Fund branch present at your location. The collection Banks will not accept the NFO application forms. Please refer the list of local CAMS ISCs and the IDFC Mutual Fund branches to find the branch located nearest to you.**
- K) (i) NFO Collection Bankers: Standard Chartered Bank, HDFC Bank Ltd., Kotak Mahindra Bank.  
(ii) Payment shall be accepted through RTGS/NEFT as well as cheques drawn on the NFO collection bankers mentioned in point (i) above throughout the NFO of the schemes. Please note that cheques drawn on banks other than the ones mentioned in point (i) shall be accepted till the end of the day on February 24<sup>th</sup>, 2014.

**L) TRANSACTION CHARGES**

In accordance with SEBI circular no. CIR/ IMD/ DF/ 13/ 2011 dated August 22, 2011, Transaction Charge per subscription of Rs.10, 000/- and above shall be charged from the investors and shall be payable to the distributors/ brokers (who have opted in for charging the transaction charge) in respect of applications routed through distributor/ broker relating to Purchases / subscription / new inflows only, subject to the following:

- For Existing / New investors: Rs.100 / Rs.150 as applicable per subscription of Rs. 10,000/- and above.
- There shall be no transaction charge on subscription below Rs.10,000/-.
- There shall be no transaction charges on direct investments.

The distributors shall have the option to either opt in or opt out of levying transaction charge based on type of the product.

The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the Scheme. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.

The AMC shall be responsible for any malpractice/mis-selling by the distributor while charging transaction costs.

## INSTRUCTIONS FOR NOMINATION

1. The nomination can be made only by individuals applying for / holding units on their own behalf singly or jointly. Non-Individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the units are held jointly, all joint holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders more sheets can be added for signatures of holders of units and witnesses.
2. A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unitholder. If no guardian is provided, nomination of minor will be invalid. The guardian should be a person other than the Unitholder. Nomination can also be in favour of the Central Govt., State Govt., local authority, any person designated by virtue of his office or a religious charitable trust.
3. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non - resident Indian can be a Nominee subject to the exchange controls in force, from time to time.
4. Nomination in respect of the units stands rescinded upon the transfer of units.
5. Transfer of units in favour of a Nominee shall be valid discharge by the Asset Management Company against the legal heir(s). In case of nomination by joint unit holders, transfer to nominee is possible only on the death of all the Unit holders.
6. The cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination. (Please note this, if one of the joint holder dies other surviving holder cannot cancel.)
7. On cancellation of the nomination, the nomination shall stand rescinded and the Asset Management Company shall not be under any obligation to transfer the units in favour of the Nominee.
8. Nomination shall be registered only if the form is filled in completely.
9. Unitholders should mention number of nominees who shall receive the amounts to the deceased unitholder's credit in the event of his/her death in ratio mentioned by the unitholder. In case the ratio is not mentioned the holding will be equally split. However, the AMC reserves the right to treat such requests as incomplete. Decision of AMC in this regard shall be final.
10. The investor/s by signing this nomination form is/are deemed to have read and understood the provisions of Regulation 29 A of SEBI (Mutual Funds) Regulations, 1996, [inserted vide SEBI (Mutual Funds) (Second Amendment) Regulations, 2002 w.e.f. June 11, 2002] read with SEBI Circular dated Feb. 16, 2004 and / or any amendments thereto or any rules / regulations framed in pursuant thereof governing the nomination facility and agree/s to be bound by the same.



**IDFC Equity Opportunity - Series 3**

New Fund Offer Period : February 10, 2014 to February 24, 2014

**Application No.**
**This product is suitable for investors who are seeking\*:**

- Long-term capital growth • Investment predominantly in Indian as well as overseas Equity and Equity related securities in either growth stocks or value stocks or both without any capitalization bias • High Risk (Brown)

\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

**Note: Risk is represented as:**

- (BLUE) Please understand that the principal will be at low risk
- (YELLOW) Please understand that the principal will be at medium risk
- (BROWN) Please understand that the principal will be at high risk

Distributor Code / ARN	Sub-Distributor Code / ARN	Internal Code for Sub-broker/ Employee	EUIN No.		
			First Holder	Second Holder	Third Holder

 I/We hereby confirm that the EUIN box has been intentionally left blank by me/us as this is an "execution-only" transaction without any interaction or advice by the employee/relationship manager/sales person of the above distributor or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relationship manager/sales person of the distributor and the distributor has not charged any advisory fees on this transaction.

**1. Existing Folio Number**  / 

 Existing Investors: Please fill up 1, 7, 8, 9 and 13 for additional purchase.  
 (New Investors: Please fill in all the sections 2 to 13)

**2. Unit Holder Information** (refer to instruction A)

 Date of Birth                     

(Mandatory only in case of minor)

Name of the 1st Applicant / Corporate Investor

Mr. / Ms. / M/s.

 PAN<sup>1</sup> (mandatory)  Enclosed  PAN Proof  KYC Compliance 

Name of the 2nd Applicant

Mr. / Ms. / M/s.

 PAN<sup>1</sup> (mandatory)  Enclosed  PAN Proof  KYC Compliance 

Name of the 3rd Applicant

Mr. / Ms. / M/s.

 PAN<sup>1</sup> (mandatory)  Enclosed  PAN Proof  KYC Compliance 

Name of the Guardian (in case of minor) / Power of Attorney Holder / Proprietor

Mr. / Ms. / M/s.

 PAN<sup>\*</sup> (mandatory)  Enclosed  PAN Proof  KYC Compliance 
<sup>1</sup>PAN Number and PAN Proof are mandatory for all Applicants, irrespective of the amount (other than Micro SIP). Please attach a copy of the PAN card of Investor. \*Incase of investment by minor, PAN Copy of the guardian should be attached. KYC is mandatory for all investors. In the absence of KYC Compliance, the AMC reserves the right to reject the application. Please attach a proof of KYC Compliance.

**4a. Address of First / Sole Applicant / Corporate Investor** (Mandatory. If you have completed your KYC Process via CVL, the address of the 1st Applicant as registered with CVL will be automatically updated in our records. P.O.Box Address may not be sufficient. Investors residing overseas, please provide your Indian address) (Please fill in Capital Letters)

City \_\_\_\_\_ State \_\_\_\_\_ Pin code / Zip \_\_\_\_\_

**4b. Overseas Address for NRIs** (Please fill in Capital Letters)

**5. Contact Details of First Holder / Sole Applicant / Contact Person** (in case of Non Individual Investor)

(Please provide your contact details even if you have already submitted your KYC Acknowledgment)

Tel Office	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Tel Home	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Mobile	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Fax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
E-Mail	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Did You Know?**

We send regular alerts / updates on your investment status / purchase / redemption on your mobile phone / e-mail. Please ensure you enter your phone number and email address correctly.

Note: As a part of our "Go Green" initiative, all Account Statements / Annual Reports &amp; other Statutory Information will be sent by e-mail to the above e-mail address.

 In case you DO NOT wish to receive the above by E-mail please tick the box alongside 
**8. A. DEBIT MANDATE** (For Standard Chartered Bank account holders only.) **Application No.**
**To Branch Manager - Standard Chartered Bank**

I/We (Name of the account holder) \_\_\_\_\_

authorise you to debit my/our Account no. \_\_\_\_\_ for

Rs. (in figures) \_\_\_\_\_ Rs. (in words) \_\_\_\_\_

 to pay for the purchase of **IDFC Equity Opportunity - Series 3 (IDFC EO S3)**.

Date \_\_\_\_\_

Signature of Applicant(s) / Authorised Signatory(ies)

**ACKNOWLEDGMENT SLIP** (To be filled in by the investor.)

**Application No.**
**IDFC Mutual Fund**

 Scheme : **IDFC Equity Opportunity - Series 3 (IDFC EO S3)**.

Investor Name \_\_\_\_\_

Instrument no. \_\_\_\_\_

Rs. (in figures) \_\_\_\_\_

Stamp &amp; Signature

**6. Easy Transact** (for Individual investors) **Access your account 24x7 / purchase / redeem / switch / download account statements online at [www.idfcmf.com](http://www.idfcmf.com)**

**Yes ! I would like to activate my online account. Please send me my PIN.**

**7. Bank Details** (Mandatory) - Please note that as per SEBI Regulations it is mandatory for investors to provide their bank account details. Please ensure that the name in this application form and in your bank account are the same.

Name of the Bank															Branch									
Account Number															City									
Account Type															Other (please specify)									
<input type="checkbox"/> Current <input type="checkbox"/> Savings <input type="checkbox"/> NRO <input type="checkbox"/> NRE <input type="checkbox"/> FCNR <input type="checkbox"/> Other																								
MICR Code															IDFC Mutual Fund directly credits the Redemption / Dividend / Refund payouts into the investor's bank account where RTGS / NEFT details are provided.									
RTGS/NEFT Code																								
I / We understand that the instructions to the bank for Direct Credit / NEFT / ECS will be given by the Mutual Fund, and such instructions will be adequate discharge of the Mutual Fund towards redemption / dividend / refund proceeds. In case the bank does not credit my / our bank account with / without assigning any reason thereof, or if the transaction is delayed or not effected at all or credited into the wrong account for reasons of incomplete or incorrect information, I / We would not hold IDFC Mutual Fund responsible. Further the Mutual Fund reserves the right to issue a demand draft / payable at par cheque in case it is not possible to make payment by DC/NEFT/ECS.																								
<b>If however the unit holders wish to receive a cheque</b> (instead of a direct credit into their bank account) please tick the box alongside <input type="checkbox"/>																								

**8. Investment Details** (Please attach separate cheques for each investment)

<b>Payment Type</b> (please ✓) : <input type="checkbox"/> Non - Third Party Payment <input type="checkbox"/> Third Party Payment (please fill the 'Third Party Payment Declaration Form' available on our website)						
<b>Payment Mode</b> : <b>A</b> <input type="checkbox"/> SCB Debit Mandate (please fill 8A on the reverse) <b>B</b> <input type="checkbox"/> Cheque / DD (please fill details below)						
<b>Scheme Name</b> : IDFC Equity Opportunity - Series 3			<b>Plan</b> <input type="checkbox"/> Direct <input type="checkbox"/> Regular			
<b>Option</b>	(X) Amount Invested (Rs.)	(Y) DD Charges (If applicable)	(X-Y Net Amount (Rs.))	Cheque / DD No.	Date	Bank / Branch / City
<input type="checkbox"/> Dividend Payout						
<input type="checkbox"/> Dividend Sweep**						
** To Scheme _____			(Please refer Point # E (iii) on page # 2 for Instructions)			

**9. Demat Account Details\*** (Please ensure that the sequence of names as mentioned in the application form matches with that of the account held with the Depository Participant).

\* In case of investor opting for units in Demat Account. Nomination provided in the Demat Account shall be considered.

Do you want Units of (IDFC EO S3) in Demat Form (Please tick) <input type="checkbox"/> Yes <input type="checkbox"/> No                    If Yes, please provide the below details	
<b>National Securities Depository Limited (NSDL)</b>	<b>Central Depository Services (India) Limited (CDSL)</b>
Depository Participant Name _____ DP ID No. _____ Beneficiary Account No. _____	Depository Participant Name _____ Client ID No. _____

**10. ON MATURITY, SWITCH TO** (Please tick one option only.)

<input type="checkbox"/> Amount Rs. _____ (in figures)    Rs. (in words) _____
OR <input type="checkbox"/> All Units _____    OR <input type="checkbox"/> No. of Units _____ Please Specify _____
TO Scheme <b>IDFC</b> _____ Plan _____ Option _____ (except IDFC Premier Equity Fund)
<b>Dividend Frequency</b> (In case of Dividend option) _____

**11. Nomination Details**

I / We \_\_\_\_\_ do hereby nominate the undermentioned Nominee to receive the units to my / our credit in this folio no. in the event of my / our death. I / We also understand that all payments and settlements made to such Nominee and signature of the Nominee acknowledging receipt thereof, shall be valid discharge by the AMC / Mutual Fund / Trustees.

Nominee's Name \_\_\_\_\_  
 Address \_\_\_\_\_

In case Nominee is a minor  
 Name of the Guardian : \_\_\_\_\_  
 Address of the Guardian : \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Signature: \_\_\_\_\_

**12. Declaration**

Having read and understood the contents of the Scheme Information Documents of the Scheme, I/We hereby apply for the units of the Scheme and agree to abide by the terms, conditions, rules and regulations governing the Scheme. I / We hereby declare that the amount invested in the Scheme is through legitimate sources only and does not involve and is not designed for the purpose of the contravention of any Act, Rules, Regulations, Notifications or Directions of the provisions of the Income Tax Act, Anti Money Laundering Laws, Anti Corruption Laws or any other applicable laws enacted by the Government of India from time to time. I / We have understood the details of the Scheme & I / We have not received nor have been induced by any rebate or gifts, directly or indirectly in making this investment. I / We confirm that the funds invested in the Scheme, legally belong to me / us. In the event " Know Your Customer" process is not completed by me / us to the satisfaction of the Mutual Fund, I / We hereby authorise the Mutual Fund, to redeem the funds invested in the Scheme(s), in favour of the applicant, at the applicable NAV prevailing on the date of such redemption and undertake such other action with such funds that may be required by the Law.

The ARN holder has disclosed to me / us all the commissions (in the form of trail commission or any other mode), payable to him for the different competing Schemes of various Mutual Funds from amongst which the Scheme is being recommended to me / us.

**For NRIs only** : I / We confirm that I am / we are Non Residents of Indian nationality / origin and that I / We have remitted funds from abroad through approved banking channels or from funds in my / our Non-Resident External / Non-Resident Ordinary / FCNR Account. I / We confirm that the details provided by me / us are true and correct.

**13. Signatures**

First / Sole Applicant / Guardian	Second Applicant	Third Applicant	POA Holder
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**Call free 18002 666688**  
 Available between 8.00 am to 7.00 pm on business days only.

Please note our investor service email id  
**investormf@idfc.com**

**www.idfcmf.com**



# KEY INFORMATION MEMORANDUM

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centers or distributors or from the website [www.idfcmf.com](http://www.idfcmf.com).**

**The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.**

<b>Structure of the scheme</b>	<p>A 21 Months Closed Ended Equity Scheme.</p> <p><b>The scheme shall mature on November 30, 2015. If the maturity date falls on a non-business day, the maturity date shall be the next business day.</b></p> <p>The Scheme would be open to investors for subscription during NFO period. The fund will close subscription in the NFO period itself, once it has collected a predetermined "manageable" corpus (an approximate amount), which will be decided by the Fund manager of the scheme depending on the available investment opportunities in the stock market / if the fund manager is of the opinion that investment opportunities have diminished. The AMC reserves the right for early closure of the NFO by issuing a notice in 2 newspapers to give effect to the above mentioned structure, the notice shall be issued to state that no further subscription shall be accepted in this NFO with immediate effect.</p>																																													
<b>Investment Objective</b>	<p>The primary investment objective of the Scheme is to seek to generate capital appreciation from a portfolio that is invested in equity and equity related securities of Indian and foreign companies.</p> <p>The Fund will invest in either growth stocks or value stocks or both without any capitalization bias. As and when the fund manager is of the view that the investment has met its desired objective, the same shall be liquidated and distributed by way of dividend.</p> <p>However, there can be no assurance that the investment objective of the Scheme will be realized.</p>																																													
<b>Asset Allocation</b>	<table border="1"> <thead> <tr> <th data-bbox="354 709 913 768" rowspan="2">Instrument</th> <th colspan="2" data-bbox="913 709 1295 737">Indicative Allocation (% of net assets)</th> <th data-bbox="1295 709 1452 737" rowspan="2">Risk Profile</th> </tr> <tr> <th data-bbox="913 737 1105 768">Minimum</th> <th data-bbox="1105 737 1295 768">Maximum</th> </tr> </thead> <tbody> <tr> <td data-bbox="354 768 913 800">Equities and Equity related instruments</td> <td data-bbox="913 768 1105 800">80%</td> <td data-bbox="1105 768 1295 800">100%</td> <td data-bbox="1295 768 1452 800">High</td> </tr> <tr> <td data-bbox="354 800 913 831">Debt &amp; Money Market Instruments</td> <td data-bbox="913 800 1105 831">0%</td> <td data-bbox="1105 800 1295 831">20%</td> <td data-bbox="1295 800 1452 831">Low to Medium</td> </tr> </tbody> </table>	Instrument	Indicative Allocation (% of net assets)		Risk Profile	Minimum	Maximum	Equities and Equity related instruments	80%	100%	High	Debt & Money Market Instruments	0%	20%	Low to Medium	<table border="1"> <thead> <tr> <th data-bbox="913 768 1105 831" rowspan="2">Instrument</th> <th colspan="2" data-bbox="1105 768 1295 737">Indicative Allocation (% of net assets)</th> <th data-bbox="1295 768 1452 737" rowspan="2">Risk Profile</th> </tr> <tr> <th data-bbox="913 737 1105 768">Minimum</th> <th data-bbox="1105 737 1295 768">Maximum</th> </tr> </thead> <tbody> <tr> <td data-bbox="913 768 1105 800">Equities and Equity related instruments</td> <td data-bbox="913 768 1105 800">80%</td> <td data-bbox="1105 768 1295 800">100%</td> <td data-bbox="1295 768 1452 800">High</td> </tr> <tr> <td data-bbox="913 800 1105 831">Debt &amp; Money Market Instruments</td> <td data-bbox="913 800 1105 831">0%</td> <td data-bbox="1105 800 1295 831">20%</td> <td data-bbox="1295 800 1452 831">Low to Medium</td> </tr> </tbody> </table>	Instrument	Indicative Allocation (% of net assets)		Risk Profile	Minimum	Maximum	Equities and Equity related instruments	80%	100%	High	Debt & Money Market Instruments	0%	20%	Low to Medium	<table border="1"> <thead> <tr> <th data-bbox="1105 768 1295 831" rowspan="2">Instrument</th> <th colspan="2" data-bbox="1295 768 1452 737">Indicative Allocation (% of net assets)</th> <th data-bbox="1452 768 1452 737" rowspan="2">Risk Profile</th> </tr> <tr> <th data-bbox="1105 737 1295 768">Minimum</th> <th data-bbox="1295 737 1452 768">Maximum</th> </tr> </thead> <tbody> <tr> <td data-bbox="1105 768 1295 800">Equities and Equity related instruments</td> <td data-bbox="1105 768 1295 800">80%</td> <td data-bbox="1295 768 1452 800">100%</td> <td data-bbox="1452 768 1452 800">High</td> </tr> <tr> <td data-bbox="1105 800 1295 831">Debt &amp; Money Market Instruments</td> <td data-bbox="1105 800 1295 831">0%</td> <td data-bbox="1295 800 1452 831">20%</td> <td data-bbox="1452 800 1452 831">Low to Medium</td> </tr> </tbody> </table>	Instrument	Indicative Allocation (% of net assets)		Risk Profile	Minimum	Maximum	Equities and Equity related instruments	80%	100%	High	Debt & Money Market Instruments	0%	20%	Low to Medium	<p>Investments in derivatives - upto 50% of the net assets of the scheme.</p> <p>The total exposure to equity, debt and derivative positions on a gross basis will not exceed 100% of the net assets of the scheme.</p> <p>Investment in securitized debt, securities lending and borrowing and short selling - Nil.</p> <p>Investments in ADRs and GDRs issued by Companies in India and foreign securities as permitted by SEBI regulations - upto 50% of the net assets of the scheme.</p> <p>Investments in foreign securities shall be in compliance with the requirement of SEBI circular dated September 26, 2007.</p>
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<b>Investment strategy of the Scheme</b>	<p>Over the past decade or so, in an increasing globalised and liberalised world, the top tier companies in India have ventured out of India seeking size, profits, brands etc. In their pursuit for the above mentioned factors their sales and profits have increasingly become internationalized.</p> <p>In light of the above argument it becomes important to search for a league of Indian companies whose business metrics and fortunes are closely linked to the Indian markets and the Indian Growth story.</p> <p>The IDFC Equity Opportunity - Series 3 seeks to identify and orient its portfolios towards such companies.</p> <p>Incrementally in a troubled world post the Lehman crisis in 2008 market biases have been towards Large market capitalization companies where perceived mortality risk is low. Disproportionate capital / flows have moved towards companies in the large cap universe. In the risk off/ on trade that Indian Markets have been subject to for the last 4 years, it clearly was the wise option considering the liquidity and size differential the two sets of companies have.</p> <p>In addition to the above - The Investment manager shall consider the following aspects for identifying the stocks to invest in:</p> <ul style="list-style-type: none"> <li>The fund proposes to take long term call on stocks, which in an opinion of the Fund Manager offer better return over a long period.</li> <li>The fund proposes to concentrate on business and economic fundamentals driven by in-depth research techniques, employing strong stock selection. Stock-picking process proposed to be adopted is generally a "bottom-up" approach, seeking to identify companies with above-average profitability supported by sustainable competitive advantages and also to use a "top-down" discipline for risk control by ensuring representation of companies from various industries.</li> <li>On account of liquidity/risk considerations of the mid and small cap segment, the Fund would generally take a smaller exposure over a large number of companies.</li> <li>In stocks selection process, AMC proposes to consider stocks with long-term growth prospects but currently trading at modest relative valuations given certain financial measurements such as their price-to-earnings ratios, dividend income potential, and earnings power.</li> </ul> <p>The above mentioned strategy is one of the ways of stock selection to be followed by the fund. However, depending upon on market conditions, and in line with the objective, the fund is free to invest in either growth stocks or value stocks or both without any capitalization bias.</p> <p><b>Debt investments</b></p> <p>The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations.</p> <p>The domestic debt markets are maturing rapidly with liquidity emerging in various debt segments through the introduction of new instruments and investors. The actual percentage of investment in various fixed income securities will be decided after considering the prevailing political conditions, the economic environment (including interest rates and inflation), the performance of the corporate sector and general liquidity and other considerations in the economy and markets. The Fund has put in place detailed Investment Discretion Guidelines defining the prudential and concentration limits for the portfolio limits. The investment management team is allowed full discretion to make sale and purchase decisions within the limits established. The Fund Manager/(s) record a justification for investments made, on the deal slip</p> <p>Investment Management Committee (IMC) in its periodic meetings will track portfolio investment rationale, portfolio composition, performance etc. Any modifications to the Investment Discretion Guidelines can be made by the IMC and will be ratified by the Board. The performance of the fund will be monitored against its peer group in the industry and presented at every Board meeting along with the portfolio of the Schemes. The Board of Directors would discuss the performance and portfolio composition of the scheme.</p>																																													

<b>Risk Profile of the Scheme</b>	<p><b>Scheme Specific Risk Factors</b></p> <p><b>Risk factors associated for investing in equity securities:</b></p> <ol style="list-style-type: none"> <li>Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. By the same rationale, 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 would result, at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the Scheme's portfolio.</li> <li>While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. 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.</li> <li>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 that offer attractive yields. This may however increase the risk of the portfolio.</li> </ol> <p><b>Scheme investing in Bonds – Fixed Income Securities</b></p> <ol style="list-style-type: none"> <li><b>Price-Risk or Interest-Rate Risk:</b> Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.</li> <li><b>Reinvestment Risk:</b> Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.</li> <li><b>Credit Risk:</b> In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme has invested in Government securities, there is no credit risk to that extent.</li> <li><b>Basis Risk (Interest - rate movement):</b> During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.</li> <li><b>Spread Risk:</b> In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.</li> <li><b>Liquidity Risk:</b> Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.</li> <li><b>Other Risk:</b> In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.</li> </ol> <p><b>Risk factors associated with Close-ended Schemes:</b></p> <ul style="list-style-type: none"> <li>A close-ended Scheme endeavors to achieve the desired returns only at the scheduled maturity of the Scheme.</li> <li>Investors who wish to exit/redeem before the scheduled maturity date may do so through the stock exchange mode. For the Units listed on the exchange, it is possible that the market price at which the Units are traded may be at a discount to the NAV of such Units. Hence, Unit Holders who sell their Units in a Scheme prior to maturity may not get the desired returns. Moreover, given the nature of scheme, the AMC may be required to liquidate the equity portfolio and the proceeds may be kept in cash and invested largely in cash equivalents/money market instruments towards the Maturity/Final Redemption date and to that extent these investments made may not be in line with the asset allocation pattern.</li> </ul>	
<b>Plans and Options</b>	<p><b>Regular Plan:</b></p> <p>Regular plan is for investors purchasing / subscribing units in this scheme through distributors.</p> <p><b>Direct Plan:</b></p> <p>Direct Plan 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</p>	<p><b>Each plan Offer Following Option</b></p> <p><b>Dividend Payout Option:</b></p> <p>Suitable for investors seeking income by way of way dividend. Dividend declared under this option will be paid out to the investors.</p> <p><b>Dividend Sweep Option:</b></p> <p>The dividend declared under this scheme will have sweep out option into any scheme of IDFC Mutual fund (except IDFC Premier Equity Fund) as opted by the investor.</p>
<b>Cut off timing for redemptions/ switches</b>	<p>The Scheme is a close ended scheme. No subscription facility is available, other than during the New Fund Offer. No Redemption/ repurchase/ Switch out of units shall be allowed prior to the maturity of the scheme. Unitholders who wish to exit may do so through the Stock Exchange mode.</p>	
<b>Applications for purchase/ redemption switches</b>	<p>The purchase request can be made during the NFO period and submitted to the official points of acceptance of transaction. Redemptions / switch outs / repurchased shall be allowed only on the maturity of the scheme. Unitholders who wish to exit may do so through the Stock Exchange mode.</p>	
<b>Minimum Application Amount/ Number of Units</b>	<p>Rs. 5,000/- per application and in multiple of Rs.10/- thereafter.</p>	
<b>Despatch of Repurchase (Redemption) Request</b>	<p>Within 10 working days from the date of the maturity of the Scheme.</p>	
<b>Benchmark Index</b>	<p>S&amp;P BSE 500 Index</p>	
<b>Dividend Policy</b>	<p>Dividend declaration and distribution shall be in accordance with SEBI Regulations as applicable from time to time. The AMC reserves the right to declared dividend from time to time, depending on availability of distributable surplus.</p>	
<b>Name of the Fund Manager</b>	<p>Mr. Ankur Arora</p>	
<b>Name of the Trustee Company</b>	<p>IDFC AMC Trustee Company Limited</p>	
<b>Performance of the scheme</b>	<p>The scheme does not have any performance track record as it is New scheme</p>	
<b>Expenses of the scheme</b>	<p><b>NEW FUND OFFER EXPENSES:</b></p> <p>New Fund offer expenses will be borne by the AMC.</p> <p><b>(I) Load Structure</b></p> <p><b>Entry Load : Nil</b></p>	

**Exit Load : Nil**

The AMC/Trustee reserves the right to modify the Load structure mentioned above at any time in future on a prospective basis, subject to the limits prescribed under the SEBI Regulations.

**Transaction charges**

In accordance with SEBI circular no. CIR/ IMD/ DF/ 13/ 2011 dated August 22, 2011, Transaction Charge per subscription of Rs.10, 000/- and above shall be charged from the investors and shall be payable to the distributors/ brokers (who have opted in for charging the transaction charge for this scheme) in respect of applications routed through distributor/ broker relating to Purchases / subscription / new inflows only, subject to the following:

- For Existing / New investors: Rs. 100 / Rs. 150 as applicable per subscription of Rs. 10,000/- and above
- There shall be no transaction charge on subscription below Rs. 10,000/-.
- There shall be no transaction charges on direct investments.

The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the Scheme. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

The distributors shall have the option to either opt in or opt out of levying transaction charge based on type of the product.

The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.

The AMC shall be responsible for any malpractice/mis-selling by the distributor while charging transaction costs.

**(ii) Recurring Expenses**

As per SEBI (MF) Regulations, 1996, recurring expenses will not exceed the following limits :

1. on the first Rs. 100 crore of the Scheme's daily net assets, will not exceed 2.50%
2. on the next Rs. 300 crore of the Scheme's daily net assets, will not exceed 2.25%
3. on the next Rs. 300 crore of the Scheme's daily net assets, will not exceed 2.00% and
4. on the balance of the Scheme's daily net assets, will not exceed 1.75%.

The total fees and expenses for operating the scheme as listed hereunder would be 2.70% (2.50% plus 0.20%) of the daily net assets which includes expenses towards management fees, commission, marketing expense and other expense relating to operating the scheme.

Expense Head	% of daily Net Assets
Investment Management and Advisory Fees	Upto 2.50%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Service tax on expenses other than investment and advisory fees	
Service tax on brokerage and transaction cost	
Other Expenses	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)</b>	<b>Upto 2.50%</b>
Additional expenses under regulation 52 (6A) (c)	Upto 0.20%
Additional expenses for gross new inflows from specified cities	Upto 0.30%

The scheme can charge upto 2.70% of the daily net assets as management fees.

The expense of 30 bps shall be charged if the new inflows from such cities as specified from time to time are at least -

- (i) 30 per cent of gross new inflows in the scheme, or; (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities. Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment;

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan.

At least 5% of the TER is charged towards distribution expenses/ commission in the Regular Plan. The TER of the Direct Plan will be lower to the extent of the abovementioned distribution expenses/ commission (at least 5%) which is charged in the Regular Plan.

Disclosure on service tax:

Service tax on investment management and advisory fees shall be in addition to the above expense.

Further, with respect to service tax on other than management and advisory fees:

- Service tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per regulation 52 of the Regulations.
- Service tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of service tax, if any, shall be credited to the scheme.
- Service tax on brokerage and transaction cost paid for asset purchases, if any, shall be within the limit prescribed under regulation 52 of the Regulations.

For the actual current expenses being charged, the investor should refer to the website of the mutual fund at [www.idfcmf.com](http://www.idfcmf.com)

As per the Regulations, the total recurring expenses that can be charged to the Scheme in this Scheme information document shall be subject to the applicable guidelines. Expenses over and above the permitted limits will be borne by the AMC. The total recurring expenses of the Scheme, will, however, be limited to the ceilings as prescribed under Regulation 52(6) of the Regulations.



<b>Tax treatment for the Investors (Unitholders)</b>	Investor will be advised to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.																											
<b>Daily Net Asset Value (NAV) Publication</b>	The NAV will be declared on a daily basis and will be published in 2 newspapers. The first NAV shall be calculated and disclosed within 5 business days of allotment. NAV can also be viewed on www.idfcfm.com and www.amfindia.com. You can also contact us at 1-800-266688																											
<b>For Investor Grievances Please Contact</b>	<b>Name and Address of Registrar</b> Computer Age Management Services Private Limited No. 158, Anna Salai, 7th Floor, Tower II, Rayala Towers, Chennai - 600 002. Ph : + 91-44- 30407263/7262 Fax 044-30407255																											
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<b>Unitholders' Information</b>	<p>On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of e-mail and/or SMS within 5 business days from the date of closure of NFO will be sent to the Unit Holders registered e-mail address and/or mobile number.</p> <p><b>Consolidated Account Statement:</b></p> <p>Pursuant to sub regulation (1), (2) and (4) of Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 read with SEBI gazette notification dated August 30, 2011, SEBI circular no. Cir/ IMD/DF/16/ 2011 dated September 8, 2011 and addendum dated June 14, 2012 issued by the AMC, investors are requested to note the following regarding dispatch of account statements :</p> <ol style="list-style-type: none"> <li>The Consolidated Account Statement (CAS) for each calendar month is to be issued on or before tenth day of succeeding month to the investors who have provided valid Permanent Account Number (PAN). Due to this regulatory change, AMC shall now cease to send physical account statement to the investors after every financial transaction including systematic transactions. Further, CAS will be sent via email where any of the folios consolidated has an email id or to the email id of the first unit holder as per KYC records.</li> <li>For folios not included in the Consolidated Account Statement (CAS), the AMC shall henceforth issue account statement to the investors on a monthly basis, pursuant to any financial transaction in such folios on or before tenth day of succeeding month. In case of a New Fund Offer Period (NFO), the AMC shall send confirmation specifying the number of units allotted to the applicant by way of a physical account statement or an email and/or SMS's to the investor's registered address and/or mobile number not later than five business days from the date of closure of the NFO.</li> <li>In case of a specific request received from the unit holder, the AMC shall provide the account statement to the investor within 5 business days from the receipt of such request.</li> </ol> <p><b>Annual Account Statement:</b></p> <p>For normal transactions: sales (during the NFO) and on maturity:</p> <ul style="list-style-type: none"> <li>The AMC shall issue to the investor whose application has been accepted, an account statement specifying the number of units allotted within five business days from the date of closure of NFO.</li> <li>The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&amp;T. Any communication /dispatch of redemption /dividend proceeds, account statements etc. to the unitholders would be made by the Registrar/AMC in such a manner as they may consider appropriate in line with reasonable standards of servicing. The Unitholder may request the AMC / Registrar to provide him a fresh account statement by approaching any office of either the AMC or its registrar.</li> </ul> <p><b>Annual Report:</b></p> <p>The Scheme wise annual report or an abridged summary hereinafter shall be sent by AMC/Mutual Fund as under:</p> <ol style="list-style-type: none"> <li>by e-mail to the Unit holders whose e-mail address is available with the Fund,</li> <li>in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.</li> </ol> <p>The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund.</p> <p><b>Half Yearly Portfolio Disclosures:</b></p> <p>(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)</p> <p>The mutual fund shall publish a complete statement of the scheme portfolio, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located.</p> <p><b>Monthly portfolio disclosure:</b></p> <p>The Mutual fund shall disclose portfolio (along with ISIN) as on the last day of the month for this scheme on www.idfcfm.com on or before the tenth day of the succeeding month.</p> <p><b>Half Yearly Results:</b></p> <p>The Mutual Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website and shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated.</p>																											

Notwithstanding anything contained in the Scheme Information Document (SID) / Statement of Additional Information (SAI)/ Key Information Memorandum (KIM) the provisions of SEBI (Mutual Funds) Regulations 1996 and Guidelines there under shall be applicable. Further, investors may ascertain about any further changes from the Mutual Fund/Investor Service Centres /distributors or brokers.