

Motilal Oswal Asset Management Company Ltd.
CIN: U67120MH2008PLC188186
Corp. & Regd. Off.: Motilal Oswal Tower,
10th Floor, Rahimtullah Sayani Road,
Opp. Parel ST Depot, Prabhadevi, Mumbai – 400025
Tel.: +91 81086 22222 / +91 22 40548002
Fax: +91 22 50362365

August 31, 2020

Dear Investor,

Sub: Change in Fundamental attribute due to Creation of segregated portfolios in the Scheme Information Documents (SIDs) and Key Information Document (KIMs) of the schemes of Motilal Oswal Mutual Fund (MOMF)

At the outset, we would like to extend our sincere thanks to you for your valued investment in the schemes of Motilal Oswal Mutual Fund.

The scheme launch details and AUM as on July 31, 2020 please refer Annexure - I.

This letter serves as a written communication to you in accordance with the requirements of Regulation 18 (15A) under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (“SEBI Regulations”) about the proposed changes to be carried out to the fundamental attributes of the scheme and providing you an option to switch-out/redeem the units held by you in the Scheme at the prevailing net asset value (NAV) within a period of 30 days without any exit load if you do not approve of the proposed changes.

Unit holders are hereby informed that the Board of Directors of Motilal Oswal Asset Management Company Limited (MOAMC) and Motilal Oswal Trustee Company Limited (MOTC), Investment Manager and Trustee to Motilal Oswal Mutual Fund respectively have approved the change in fundamental attributes and enabling of following provisions of segregated portfolio of debt and money market instruments in the Scheme Information Document (SID) and Key Information Memorandum (KIM) of the following schemes of Motilal Oswal Mutual Fund (MOMF) in their meeting held on January 18, 2020, herein after referred as **Designated Schemes**:

- a) Motilal Oswal Focused 25 Fund (MOF25)
- b) Motilal Oswal Midcap 30 Fund (MOF30)
- c) Motilal Oswal Multicap 35 Fund (MOF35)
- d) Motilal Oswal Long Term Equity Fund (MOFLTE)
- e) Motilal Oswal Large and Midcap Fund (MOFLM)
- f) Motilal Oswal M50 ETF (MOFM50)
- g) Motilal Oswal Midcap 100 ETF (MOFM100)
- h) Motilal Oswal Equity Hybrid Fund (MOFEH)
- i) Motilal Oswal Dynamic Fund (MOFDYNAMIC)
- j) Motilal Oswal Nasdaq 100 ETF (MOFN100)
- k) Motilal Oswal Nasdaq 100 Fund of Fund (MOFN100FOF)
- l) Motilal Oswal Ultra Short Term Fund (MOFUSTF)
- m) Motilal Oswal Liquid Fund (MOFLF)
- n) Motilal Oswal Nifty 500 Fund (MOFNIFTY500)
- o) Motilal Oswal Nifty Bank Fund (MOFNIFTYBANK)
- p) Motilal Oswal Nifty Midcap 150 Index Fund (MOFMIDCAP)
- q) Motilal Oswal Nifty Smallcap 250 Index Fund (MOFSMALLCAP)

Need for segregated portfolio:

While very stringent internal credit evaluation norms are being followed by AMC/Mutual Fund, the risk of credit downgrade in portfolio companies due to various factors cannot be ruled out. In the event of credit downgrade the downgrade instrument generally become illiquid making it very difficult for the fund manager to dispose of such instrument/s. In such an event segregation of such an instrument from the main portfolio will prevent the distressed asset(s) damaging the returns generated from more liquid and better-performing assets of the portfolio. It also provides fair treatment to all existing, incoming and outgoing investors, as any recovery from the issuer in future would get distributed among those investors, who would have suffered a loss due to downgrade event.

The proposed changes are in accordance with the SEBI Circular dated 28 December, 2018 vide reference no. SEBI/HO/IMD/DF2/CIR/P/2018/160 read with its circular dated 07 November, 2019 SEBI/HO/IMD/DF2/CIR/P/2019/127. Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and for further details, you may please refer the enclosed addendum dated August 31, 2020.

The changes proposed in the SID & KIM of the Designated Schemes given above amounts to changes in the fundamental attributes of the Scheme(s). Hence, in accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing unit holders under the Designated Schemes are given an option to exit the Scheme(s) at the applicable Net Asset Value without any exit load on such redemption. This option is valid for a period of 30 days from publishing the notice. The above change in the fundamental attribute of the Scheme(s) will be effective from October 08, 2020.

SEBI vide its letter dated March 06, 2020 having reference no IMD/DF3/OW/P/2020/8632/1 has taken note of the aforementioned changes in the fundamental attribute of the Scheme.

Since, the changes proposed in the SID & KIM of the Designated Schemes amounts to changes in the fundamental attributes of the Scheme(s). Hence, in accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing unit holders under the Designated Schemes are given an option to exit the Scheme(s) at the applicable Net Asset Value without any exit load on such redemption. This option is valid for a period of 30 days from publishing the notice. The above change in the fundamental attribute of the Scheme(s) will be effective from October 08, 2020.

If a Unit holder has no objection to the above proposal, no action needs to be taken by him and it would be deemed that such Unit holder has consented to the above proposal.

If a Unit holder disagrees to the above proposal, then they are requested to go through the below information on exit option.

Unit holder investor does not wish to continue in the designated scheme, unit holders of the scheme have the option to switch-out or redeem the units held by them at the prevailing NAV without being charged any exit load during the exit option period. The Unit holders are entitled to exercise exit option during the period commencing from September 08, 2020 and closing on October 07, 2020 (both days inclusive) ('Option Exercise Period'). During the Option Exercise Period, the Unit holders have following options:

- a) Redeem their units [partly or fully] at applicable NAV;
- b) Switch their units [partly or fully] to any of the schemes of MOMF at applicable NAV; or
- c) Remain invested in the Scheme.

Unit holders are requested to note of the following conditions for switch out/redemption:

- The redemption/switch-out can be done by submitting a switch-out / redemption request form between (T day) to (T+30 days) (both days inclusive), subject to the terms and conditions set out in this letter, to any of our official points of acceptance within the applicable cut-off time mentioned in the scheme information document.
- An exit option will not be available to those unitholders who have pledged their units and on which the Fund has marked lien unless the release of pledged is obtained and communicated to the Fund/Registrar before applying for the redemption.
- In case of units held in demat mode redemption request is required to be submitted to the depository participant on or before the close of business hours of October 7, 2020 (T+30 days).
- The offer to exit is merely an option and is not compulsory.
- The redemption warrant/cheque will be mailed / redemption proceeds will be credited within 10 working days from the date of receipt of the redemption request.
- Redemption/switch out by the unit holders due to creation of segregated portfolio(s) or due to any other reasons may entail tax consequences. In view of individual nature of tax consequences, Unit holders are advised to consult his / her / their professional tax advisor.
- Please note that if you do not exercise your exit option on or before October 7, 2020 or if we do not receive your request for switch-out / redemption on or before October 7, 2020 by 3.00 pm or the applicable cut-off timings as on October 7, 2020, you would be deemed to have consented to the proposed proposal.

Securities Transaction Tax will be borne by AMC during the exit period.

Unit holders under the Scheme are/will be sent a communication in this regard, through an appropriate mode of communication (post, courier, email, etc). For any further assistance/clarification, Unit holders may contact any of our Investor Service Centres.

Unit holders are requested to kindly take note of the above.

All the other terms and conditions of the SID and KIM of the Designated Schemes shall be read with the addendum issued. This addendum forms an integral part of the SID and KIM of the Designated scheme(s) of MOMF. All other contents remain unchanged.

In case you need any other clarifications, please call us at 91 8108622222, +91 22 40548002 and our Investor Relations Officer will be happy to assist you. You may also email us at mfservice@motilaloswal.com.

We thank you for your patronage and assure you that we will do our best to maintain the confidence and trust you have reposed in us.

Sincerely Yours,

**For Motilal Oswal Asset Management Company Limited
(Investment Manager to Motilal Oswal Mutual Fund)**

Sd/-

**Navin Agarwal
Managing Director & Chief Executive Officer**

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Annexure - I

| Sr. no. | Name of the scheme | Type of scheme | Date of allotment | AUM as on July 31, 2020 |
|---------|---|--|--------------------|-------------------------|
| [I] | | [II] | [III] | |
| 1 | Motilal Oswal Focused 25 Fund (MOF25) | An open ended equity scheme investing in maximum 25 stocks intending to focus on Large Cap stocks. | May 13, 2013 | 1,239.57 |
| 2 | Motilal Oswal Midcap 30 Fund (MOF30) | An open ended equity scheme predominantly investing in mid cap stocks. | February 24, 2014 | 1,517.59 |
| 3 | Motilal Oswal Multicap 35 Fund (MOF35) | An open ended equity scheme investing across large cap, mid cap, small cap stocks. | April 28, 2014 | 11,269.94 |
| 4 | Motilal Oswal Long Term Equity Fund (MOFLTE) | An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit. | January 21, 2015 | 1,540.60 |
| 5 | Motilal Oswal Large and Midcap Fund (MOFLM) | An open ended equity scheme investing in both large cap and mid cap stocks. | October 17, 2019 | 459.94 |
| 6 | Motilal Oswal M50 ETF (MOFM50) | An open ended scheme replicating/tracking Nifty 50 Index. | January 28, 2010 | 27.94 |
| 7 | Motilal Oswal Midcap 100 ETF (MOFM100) | An open ended scheme replicating/tracking Nifty Midcap 100 Index. | January 31, 2011 | 37.28 |
| 8 | Motilal Oswal Equity Hybrid Fund (MOFEH) | An open ended hybrid scheme investing predominantly in equity and equity related instruments | September 14, 2018 | 334.21 |
| 9 | Motilal Oswal Dynamic Fund (MOFDYNAMIC) | An open ended dynamic asset allocation fund | September 27, 2016 | 1,109.07 |
| 10 | Motilal Oswal Nasdaq 100 ETF (MOFN100) | An open ended scheme replicating/tracking NASDAQ-100 Index. | March 29, 2011 | 1,365.26 |
| 11 | Motilal Oswal Nasdaq 100 Fund of Fund (MOFN100FOF) | An open ended fund of fund scheme investing in Motilal Oswal Nasdaq 100 ETF. | November 29, 2018 | 873.14 |
| 12 | Motilal Oswal Ultra Short Term Fund (MOFUSTF) | An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. | September 06, 2013 | 38.09 |
| 13 | Motilal Oswal Liquid Fund (MOFLF) | Open Ended liquid fund. | December 20, 2018 | 694.75 |
| 14 | Motilal Oswal Nifty 500 Fund (MOFNIFTY500) | An open ended scheme replicating / tracking Nifty 500 Index. | September 06, 2019 | 52.47 |
| 15 | Motilal Oswal Nifty Bank Fund (MOFNIFTYBANK) | An open ended scheme replicating / tracking Nifty Bank Index. | September 06, 2019 | 55.05 |
| 16 | Motilal Oswal Nifty Midcap 150 Index Fund (MOFMIDCAP) | An open ended scheme replicating / tracking Nifty Midcap 150 Index. | September 06, 2019 | 58.91 |
| 17 | Motilal Oswal Nifty Smallcap 250 Index Fund (MOFSMALLCAP) | An open ended scheme replicating / tracking Nifty Smallcap 250 Index. | September 06, 2019 | 38.91 |