

## FAQs - Motilal Oswal Multi Asset Fund (MOFMAF)

(An open ended scheme investing in Equity, International Equity Index Funds/ Equity ETFs, Debt and Money Market Instruments and Gold Exchange Traded Funds)

**1. What is a Multi Asset Fund?**

As per SEBI, a multi asset fund is a fund that invests in three or more asset classes.

**2. Why Multi Asset Fund?**

A single asset class has periods of outperformance and periods of drawdowns. A multi-asset fund smoothens the investor experience by reducing the volatility.

**3. How does a Multi Asset Fund reduce volatility?**

A multi asset fund uses a mix of non-correlated asset classes, to yield a combination, which has far lesser volatility, and comparatively better risk adjusted returns than the individual asset class.

**4. What is Motilal Oswal Multi Asset Fund?**

An open ended scheme investing in Equity, International Equity Index Funds/ Equity ETFs, Debt and Money Market Instruments and Gold Exchange Traded Funds. The fund belongs to “Multi-Asset Allocation Fund” category as per SEBI norms on categorization and rationalization of mutual fund schemes.

**5. How is Motilal Oswal Multi Asset Fund different from Dynamic Equity or Balanced advantage category funds?**

This is a pure multi-asset allocation fund. It gives investors the benefits of investing in four asset classes – domestic equities, international equities, debt and gold. This fund aims to generate conservative returns through diverse asset classes. Whereas Dynamic Equity or Balanced Advantage category funds invest in equity and debt and have a different risk-return structure and hence are not comparable with this fund.

**6. Does Motilal Oswal Multi Asset Fund follow a view based asset allocation?**

No Motilal Oswal Multi Asset fund does not follow a view based asset allocation. The fund follows a rules based approach for asset allocation and aims to generate long-term capital appreciation through the interplay of four asset classes – equity, debt, international equity and gold, while keeping the volatility low.

**7. What are the benefits of asset allocation?**

Different asset classes react differently to business cycles, changes in economy and geo-political realities and hence have different level of risks. Allocating funds to a single asset class is not prudent as it is prone to behave inconsistently, go through its own cycles and may not garner efficient inflation and risk adjusted returns. Asset allocation tries to balance the risk by dividing assets among investment vehicles. Low correlation

among different asset classes provide the portfolio with an effective hedge lowering the volatility of the portfolio.

**8. What are unique features of Motilal Oswal Multi Asset Fund?**

- Motilal Oswal Multi Asset Fund is not a balanced fund with some allocation to gold. It is a Multi asset fund with a fine balance of fixed income, domestic equity, gold and international equity.
- Exposure to low correlating asset classes results in lower volatility for the entire portfolio.
- The fund follows a disciplined investment framework for allocation to different asset classes.

**9. Why should Motilal Multi Asset Fund form a part of an investor's portfolio?**

The interplay between different asset classes having low correlation diversifies the risk, giving investors a smoother investment experience. The low volatility to economic and asset cycles, makes this fund an all-season fund, which is perfectly aligned to form a part of any investor's portfolio.

**10. Motilal Oswal Multi Asset Fund does not have a dividend option. How can an investor looking for regular returns from this fund?**

Investors looking for regular pay out option can opt for SWP (Systematic Withdrawal Plan) in the fund.

**11. What strategy will the fund follow while investing in Indian equities?**

The fund will invest in high quality portfolio of predominantly large cap stocks under the quality, growth, longevity, at reasonable price (QLGP) framework. Quality stands for quality of business and management; growth means growth in earnings and sustained ROE; longevity means economic moat of the business and reasonable price means buying a good business for fair price.

**12. What is likely structure of your debt portfolio at the launch? Please tell us about the key constituents.**

The fund would look to invest majority of its portfolio into 3-5yr G-sec/ SDLs, some portion will be invested in CDs while remaining in AAA PSU & other high credit quality bonds. The overall duration of the fund will be medium term i.e. between 3- 5 years.

**13. For investing in international equity, why does the fund invest in units of S&P 500 index fund?**

The S&P 500® index includes 500 leading companies that are diversified across all 11 Sectors. The index covers approximately 85% of total market capitalization of all stocks that are listed on US Stock Exchanges. The index is regarded as the best single gauge of large-cap US equities. Also most businesses listed in the S&P 500 index are global in nature making it a natural choice for international diversification. Nearly 40% of the

total revenue of S&P 500 Index constituents comes from markets outside of USA. The S&P 500 index is also the largest and most widely traded index in the world.

#### 14. What is the Motilal Oswal Value Index (MOVI)

Motilal Oswal Value Index (MOVI) helps gauge equity market. The Index is calculated taking into account Price to Earnings, Price to Book and Dividend Yield of the Nifty 50 Index.

A low MOVI level indicates that the market valuation appears to be cheap and one may allocate a higher percentage of their investments to Equity as an asset class. A high MOVI level indicates that the market valuation appears to be expensive and that one may reduce their equity allocation.

#### 15. How is MOVI different from other valuation metrics?

MOVI is calculated by not only looking at P/E in isolation, but taking into account Price/Book Value and Dividend Yield as well. The NIFTY MOVI is calculated and maintained by NSE Indices Ltd (IISL).

#### 16. How is MOVI for MOFMAF different from the MOVI in your Dynamic Equity Fund?

The methodology for computing the MOVI Index is same in the Dynamic Equity Fund and MOFMAF. The MOVI index gauges the attractiveness of the equity markets. The 30 Day Moving Average of MOVI is used for rebalancing.

The major difference between the two is the level of equity investments.

MOVI-MAF has equity allocation bands as follows:

MOVI bands	Equity	Debt	Minimum International Equity Index/ETFs	Minimum Gold ETFs
Less than 70	25.0%-27.5%	55.0%-52.5%	10%	10%
70-80	22.5%-25.0%	57.5%-55.0%	10%	10%
80-90	20.0%-22.5%	60.0%-57.5%	10%	10%
90-100	17.5%-20.0%	62.5%-60.0%	10%	10%
100-110	15.0%-17.50%	65.0%-62.5	10%	10%
110-120	12.5%-15.0%	67.5%-65.0%	10%	10%
120-130	10.0%-12.5%	70.0%-67.5%	10%	10%
Greater than 130	7.5%-10.0%	72.5%-70%	10%	10%

**17. Who should invest in Motilal Oswal Multi Asset Fund?**

The fund is suitable for:

- Conservative investors looking for alternatives to fixed income investment
- Investor looking for marginally better returns without higher risks

**18. What will be the benchmark for the fund?**

Benchmark of the fund is 30% Nifty 50 TRI + 50 % Crisil Short Term Gilt Index + 10% Domestic Price of Gold + 10% S&P 500 Index (TRI).

**19. What will be the Total Expense Ratio (TER) of the fund?**

The fund will have TER of not more than 2%.

**20. What about the Tax liability arising out of the returns?**

Since the fund attracts taxation of non-Indian equity investments i.e. Debt taxation, Investors may avail an Indexation benefit post three years.

Motilal Oswal Mutual Fund is a Mutual Fund registered with SEBI and is governed by the provisions of Section 10(23D) of the Income Tax Act, 1961. Accordingly, any income of a fund set up under a scheme of a SEBI registered mutual fund is exempt from tax. The following information is provided only for general information purposes and is based on the Mutual Fund's understanding of the Tax Laws as of this date of Document. Investors / Unitholders should be aware that the relevant fiscal rules or their explanation may change. There can be no assurance that the tax position or the proposed tax position will remain same. In view of the individual nature of tax benefits, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

The below taxation shall be applicable w.e.f.1st April 2020.

Particulars		
	Resident Investor	Mutual Fund
Dividend Income	Slab rate (Applicable Rate)	Nil
Long Term Capital Gains#	20% with indexation	Nil
Short Term Capital Gains	Slab rate (Applicable Rate)	Nil
Tax on dividend distributed to unit holders	Slab rate	Nil

#Excluding Cess & Surcharge

W.e.f. April 1, 2020, Mutual fund shall be required to deduct TDS at 10% only on dividend payment (Above Rs 5000) & no tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gain.

In case the Dividend is paid to Non-Resident Indian/Foreign Company and it doesn't have the PAN, TDS @20% plus applicable surcharge and Cess shall be applicable. However in rest of cases it depends on case to case basis depending on the treaty provision with the other country & documents like NO PE (Permanent Establishment & TRC (Tax Residency Certificate) same view is as per CBDT Circular 728 as per which Tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. For details on taxation, please refer to the clause on Taxation in the Scheme Additional Information. Investors are advised to consult a practicing taxation professional and/or their financial advisers before investing.

<p><b>This product is suitable for investors who are seeking*</b></p>	 <p>Investors understand that their principal will be at Moderately High risk</p>
<ul style="list-style-type: none"> <li>• Long term capital appreciation by investing in a diversified portfolio.</li> <li>• Investing in Equity, International Equity Index Funds/ Equity ETFs, Debt and Money Market Instruments and Gold Exchange Traded Funds</li> </ul>	

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

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