

#### What is Asset Allocation?

Asset Allocation is the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame.

#### Why is Asset Allocation important?

Asset Allocation is considered as cornerstone of portfolio construction. The goal of asset allocation is to reduce risk through diversification by combining exposures to a variety of investments that have historically performed differently during various market conditions.

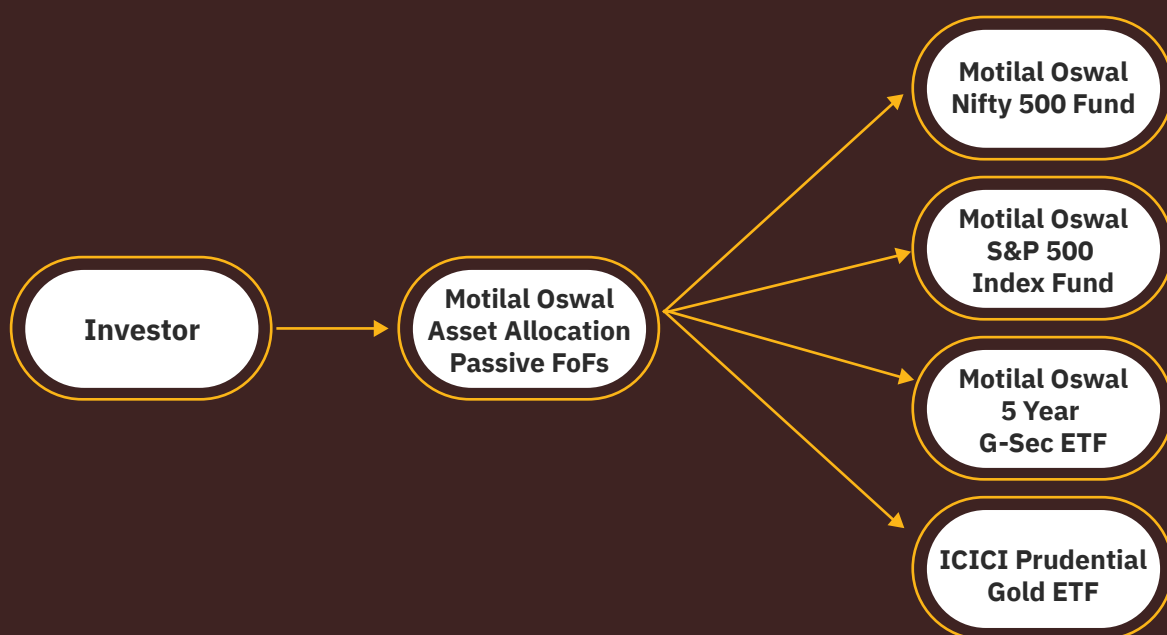
#### What is Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive and Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative?

The two new funds offered are based on the principles of Asset Allocation. They combine different assets (Domestic equity, International equity, Domestic Debt and commodities) which have historically had low correlation. The right mix helps to reduce volatility and thereby offering high risk adjusted returns.

#### What is the difference between Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive and Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative?

Keeping in mind risk aversion/risk appetite, the Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative takes more exposure to less volatile asset i.e. Debt unlike the Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive which takes more exposure to more volatile asset i.e. Equities. The allocation has been provided in the subsequent FAQs.

#### Where would the fund manager invest my money?



## What are the target allocations?

Fund Name	Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive	Motilal Oswal Asset Allocation Passive Fund of Fund – Conservative
<b>Equity</b> – (Motilal Oswal Nifty 500 fund)	50%	30%
<b>Debt</b> – (Motilal Oswal 5 Year G-Sec ETF)	20%	50%
<b>International Equity</b> – (Motilal Oswal S&P 500 Index Fund)	20%	10%
<b>Commodity</b> – (ICICI Prudential Gold ETF)	10%	10%

The actual asset allocation may deviate from above target asset allocation in short term but will always remain in the asset allocation range stated in SID.

## What are the risks involved in this fund?

Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive is labelled as 'Very High Risk' according to the 'Riskometer'. Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative is labelled as 'High Risk' according to the 'Riskometer'.

As the fund invests in primarily three asset classes' i.e. Equity (Domestic and International), Fixed Income and Gold, the investor is exposed to all the risks attached with each asset class. However, As these assets have showed low historical correlation to each other, it helps reduce overall portfolio volatility, drawdown and smoothen the returns trajectory.

## What is the minimum application amount?

During NFO and Ongoing basis:

Lump sum: Rs 500/- and in multiples of Re 1/- thereafter

SIP: Rs 500/- and in multiples of Re 1/- thereafter

## Is STP / SIP & SWP is allowed in this fund?

During NFO and Ongoing: Yes, STP's/SIP's and SWP's are allowed.

## Is there an entry/exit load?

There is 'NIL' entry load.

There is 'NIL' exit load if redeemed after 15 days from the date of allotment, else 1% exit load if redeemed on or before 15 days from the date of allotment.

## Are there any restrictions on purchase/withdrawal? Is there a lock-in period?

There are no restrictions either on purchase/withdrawals. The fund has 'NO' lock-in period.

## What is the Total Expense Ratio of the fund?

Plan	Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive	Motilal Oswal Asset Allocation Passive Fund of Fund – Conservative
Direct	0.05%	0.05%
Regular	0.59%	0.66%

Note - Investors will be bearing the recurring expenses of the fund of fund (FoF) scheme, in addition to the weighted average expenses of underlying schemes in which the fund of fund scheme makes investments. The indicative underlying weighted average expense ratio for Motilal Oswal Asset Allocation Passive Fund of Fund- Aggressive will be 0.41%, while for Motilal Oswal Asset Allocation Passive Fund of Fund- Conservative will be 0.34%.

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## What is the tax treatment?

Under current Income Tax regime in India, FOF is treated as a 'non-equity' fund and consequently taxed similar to a debt scheme. If the investment is held for more than 3 years it qualifies for Long Term Capital Gains Tax @ 20%, along with option to avail indexation benefit (illustrated below). Any investment horizon lower than 3 year, would attract the Short Term Capital Gain Tax and taxed as per the applicable tax bracket.

Particulars	'Non-Equity' Fund of Fund
<b>Invested Amount (FY 2018)</b>	<b>1,00,000.0</b>
Rate of Return	12%
Holding Period	3 Year
<b>Redemption/Sell Amount (FY 2021) (a)</b>	<b>1,40,492.8</b>
Indexation Benefit	Yes
CII- FY 18	272
CII- FY 21	301
Indexed Cost of Investment (b)	1,10,661.8
<b>Taxable Amount (c)=(a)- (b)</b>	<b>29,831.0</b>
Tax Paid (LTCG @ 20%)	5,966.2
Return After Tax (INR)	34,526.6
<b>CAGR Post Tax</b>	<b>10.4%</b>

Source- Cost of inflation index- Incometaxindia.gov.in. The above table is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.

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Name of the scheme	This product is suitable for investors who are seeking*	Riskometer
Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive (MOFAAPFOF-A) (An open ended fund of funds scheme investing in passive funds)	<ul style="list-style-type: none"> <li>To generate long term growth/capital appreciation by offering asset allocation</li> <li>Investment solution that predominantly invests in passive funds such as ETF/Index Funds of equity and equity related instruments (domestic as well as international), fixed income and Gold.</li> </ul>	<p>Investors understand that their principal will be at Very High risk</p>
Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative (MOFAAPFOF-C) (An open ended fund of funds scheme investing in passive funds)	<ul style="list-style-type: none"> <li>To generate long term growth/capital appreciation with relatively lower volatility by offering asset allocation</li> <li>Investment solution that predominantly invests in passive funds such as ETF/Index Funds of equity and equity related instruments (domestic as well as international), fixed income and Gold</li> </ul>	<p>Investors understand that their principal will be at High risk</p>

\*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**