

**KASB Asset Allocation Plan  
Supplement of Offering Documents of KASB Liquid Fund (KLF) and KASB  
Stock Market Fund(KSMF)**

**An Administrative Plan under KASB Liquid Fund (KLF) and KASB Stock Market Fund  
(KSMF)  
Managed by KASB Funds Limited**

**1. Introduction**

- 1.1 KASB Asset Allocation Plan is an administrative Plan offered by KASB Funds Limited that aims to take advantage of economic opportunities by active allocation of funds across asset classes namely, equity and fixed income through investment in KSMF and KLF.
- 1.2 The Plan employs a dynamic asset allocation strategy and does not maintain a predefined weightage in any asset class. If a particular asset class offers better prospects, then the Plan is likely to have a higher allocation in such asset class. In order to maximize returns, the Plan can invest up to 100% of net assets in any one type of the above mentioned asset class, depending on market conditions.
- 1.3 All transactions under this arrangement are governed by the Trust Deed relating to KLF (dated February 20, 2006) and KSMF (dated January 9, 2007) as amended from time to time vide Supplemental Trust Deed(s). All the terms and conditions of the Offering Documents of KLF and KSMF shall apply to the respective Units of the two Funds in which investment is made under this Plan.

KASB Asset Allocation Plan invests in units of KLF and KSMF which are governed by the NBFC Rules 2003, NBFC Regulation 2008, and the Trust Deeds and Offering Documents of KASB Liquid Fund and KASB Stock Market Fund.

**2. Investment Objective**

KASB Asset Allocation Plan aims to maximize risk-adjusted returns by active allocation of funds across asset classes, namely equity and fixed income through KLF and KSMF. The portfolio mix of investment in KSMF and KLF under KASB Asset Allocation Plan can shift dynamically over time to avoid periods of under-performance and move into investment types that are performing well. This Plan is ideal for investors having a medium to high risk tolerance for fluctuations in their investment value.

**3. Investment Pattern**

| <b>Asset Class</b> | <b>Fund</b> | <b>Percentage Allocation</b> |
|--------------------|-------------|------------------------------|
| Income             | KLF         | 0-100%                       |
| Equity             | KSMF        | 0-100%                       |

**4. Basic Plan Information**

**Nature of Plan:** Continuous/Perpetual

**Front-end Load:** 1.5%

**Back-end Load:** Flat Back-end Load of 1% is charged if redemption is requested within one year of investment.

**Minimum Investment Amount:** Rs. 100,000 and the minimum amount to add to an existing account is Rs. 50,000 per transaction.\*

**Frequency of Dealing:** Every Business Day.

**Redemption Proceeds:** Within 6 Business Days

\*The Management Company may alter the minimum investment amount from time to time and announce it on its website.

## 5. Features and Administrative Arrangements

5.1 KASB Asset Allocation Plan actively allocates funds across equity and fixed income through investment in KSMF and KLF with an aim to take advantage of economic opportunities and maximize risk-adjusted returns.

5.2 An investor may invest in KASB Asset Allocation Plan by filling out the prescribed Form and submitting it to Authorized Branches of a Distributor or to the Management Company together with the payment through a banking instrument (including online transfers), made payable to "CDC Trustee-KASB Funds" and crossed "Account Payee Only." Such forms have to be submitted within the announced business hours on the Business Days.

5.3 The Unit Holder has the option to invest predetermined amounts on a monthly, quarterly or semi-annual basis. The Unit Holder may also alter this monthly/quarterly/semi-annual amount, provided that such amount is not less than the minimum amount fixed by the Management Company from time to time. No penalties shall be imposed in case of delay or missing out on contributions.

5.4 The Unit Holder shall send in monthly, quarterly or semi-annual contributions by submitting the prescribed form along with 2, 4 or 12 post dated cheques respectively. In case the date of the post dated cheque coincides with book closure or any other day which is not a Business Day then the cheque will be deposited on the following Business Day. The Management Company may also introduce arrangements whereby a Unit Holder may pay contributions through standing instructions to an authorized bank as designated by the Management Company or receive direct contributions from the HR department of the Unit Holder's employer. In the event that the Unit Holder does not make the monthly/quarterly/semi-annual payments for any reason, the account will remain active and amount outstanding would continue to remain in the Plan. The Unit Holder may continue the monthly/quarterly/semi-annual payments at any stage.

5.5 The Units under the plan shall be allotted at the respective NAVs applicable for KLF and KSMF on the day the payment instrument and the Application Form are received by the Distributors. The Management Company will ensure that all applications received by Distributors for issuance, redemption, conversion etc of Units, have date and time stamping mechanism in place for timely acknowledgement of applications. All such applications shall be forwarded to the Registrar within 24 hours of receipt.

5.6 All applications for issuance, redemption conversion etc of Units, shall be accepted as per the cut off timings announced by the Management Company on the website and as specified below:

| Name of Administrative Plan | Business Day  | Business Hours  | Cut off timings for Business Day's applicable price |
|-----------------------------|---------------|-----------------|---|
| KASB Asset Allocation Plan  | Monday-Friday | 9:00 am-5:00 pm | 12:00 pm  |

- 5.7 The Registrar shall issue an account statement (physically or electronically) that will constitute evidence of the number of Units registered in the name of the Unit Holder, upon the execution of every transaction in the Unit Holders account. Certificates representing Units purchased under this Plan shall not be issued and the Account Statement issued in this respect will be the final confirmation in respect of the Units purchased under the Administrative Plan.
- 5.7 In case of any interim distribution by KLF and/or KSMF, dividends for investors in KASB Asset Allocation Plan shall be declared only in the form of Bonus Units and these shall be reinvested into the Plan. Bonus Units shall be allotted in proportion to the weightage in the respective Fund(s).
- 5.8 KASB Asset Allocation Plan aims to allocate funds as and when deemed appropriate between KLF and KSMF, with a view to take advantage of shifting market trends. If a particular asset class is doing well then the Plan is likely to have a higher allocation in such asset class.
- 5.9 The Management Company shall not record a pledge/lien on the Units held in KASB Asset Allocation Plan.
- 5.10 The Unit Holder may submit a redemption request for redeeming partial or all Units purchased under KASB Asset Allocation Plan. The maximum interval between the receipt of redemption request complete in all respects and payment of Redemption proceeds shall be six Business Days in accordance with the Offering Document of KLF and KSMF..
- In case redemption is requested within a year of investment, Back-end load shall be charged in proportion to the allocation mix between KLF and KSMF at the time of redemption and it will form part of the Trust Property of the respective Funds accordingly.
- 5.11 In case of partial redemption, Units shall be redeemed in the same proportion (weightage) as the Plan's allocation between KLF and KSMF. However, partial redemption will only be allowed subject to maintenance of a minimum investment amount in the Plan.
- 5.12 The Unit Holder may also convert the Units held by him in KASB Asset Allocation Plan into the Units of any other plans being offered by the Management Company and vice versa. Such conversions to KASB Asset Allocation Plan shall be charged the applicable Front-end Load and Units shall be issued at the applicable NAVs of the respective Fund(s).
- 5.13 In the event of a dishonoured cheque, the Unit Holder shall bear any operational and/or bank charges.
- 5.14 In the event of winding up of KLF and/or KSMF, KASB Asset Allocation Plan shall be discontinued and the Units standing to the credit of the Unit Holder shall be dealt with the same manner as the rest of the Units in KLF and/or KSMF.
- 5.15 The Management Company may at its discretion, with the approval of the Commission and Trustee and with notification to the Unit Holders introduce changes to KASB Asset Allocation Plan, from time to time.
- 5.16 In the event any changes are introduced KASB Asset Allocation Plan after an existing Unit Holder has made an initial investment in the Plan, the existing Unit Holder shall not be under any obligation to comply with the changes. However, the Unit Holder may opt to comply with the changed terms and may be required to sign a form accepting the new terms. Any subsequent investments shall be in accordance with any changes so made.

- 5.17 The Management Company may at its discretion, charge different levels of Front-end Load (upto a maximum of 1.5%) and Back-end Load (upto a maximum of 1%) from its investors.
- 5.18 In case the Management Company enters into any arrangement with an insurance company providing insurance cover to Unit Holders of KLF and/or KSMF, the same should also be applicable for investors investing into KASB Asset Allocation Plan, under the same terms and conditions.
- 5.19 The total load charged on KASB Asset Allocation Plan shall not be more than the proportional sales load being charged on KASB Liquid Fund and KASB Stock Market Fund.

## **6 Risk Disclosure**

In addition to the risks disclosed in the Offering Documents of KLF and KSMF, the investment in KASB Asset Allocation Plan is exposed to the following risks:

- 6.1 Investment in KASB Asset Allocation Plan to the extent of exposure in KSMF, would be exposed to medium to high risk( due to volatile nature of stock market) and may suffer losses in the short term. However, since this Plan has an active allocation strategy, losses may be recovered if the investment is retained for long term.
- 6.2 The NAVs of the Funds may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various market related factors and trading volumes, settlement periods and transfer procedures.
- 6.3 The liquidity of the Plan's investments is inherently restricted by the trading volumes in the securities in which the Fund invests.
- 6.4 Investors in the Plan are not offered any guaranteed returns.
- 6.5 Investors may note that the Fund Manager's investment/ asset allocation decisions for the Fund may not always be profitable.
- 6.6 KLF and KSMF are subject to being wound up under certain circumstances as explained in the respective Offering Documents. In the event of either of the Funds being wound up, KASB Asset Allocation Plan shall be discontinued and the Units standing to the credit of the Unit Holder shall be dealt with the same manner as the rest of the Units in KLF and/or KSMF.

## **7 All other Matters**

The Constitutive Documents relating to KLF and KSMF of which this Plan is an administrative arrangement, shall apply to all such matters, relating to the investment in Units under the Plan which is not covered by this Supplementary Offering Document.

8. "Administrative Plan" means any investment plan(s) offered by the Management Company where such plans allow Unit Holders a focused investment strategy in any one or a combination of Collective Investment Schemes managed by the Management Company and for which CDC is appointed as the Trustee.
- 9 " Investor" or "Unit Holder" means an investor/ Unit Holder in KLF and/or KSMF.
10. "Units" mean Growth Units where applicable.
11. The Unit Holders are advised to read the Constitutive Documents of KLF and KSMF.