

**DISCLOSURE DOCUMENT**

**DISCLOSURE**

(As required under Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993)

We confirm that:

- I. The Disclosure Document (hereinafter referred to as "the Document") has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- II. The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging Motilal Oswal Wealth Management Limited as a Portfolio Manager.
- III. The necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.
- IV. The name, phone number, email address of the principal officer so designated by the Portfolio Manager is:

Name of the Principal Officer	Ashish Shanker
Phone	91-22-30896801
Email	ashish.shanker@motilaloswal.com
Address	Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai-400 025

Date: June 29, 2015

**Form - C**  
**Securities and Exchange Board of India (Portfolio Managers) Regulations 1993**  
**(Regulation 14)**

Name of the Portfolio Manager: Motilal Oswal Wealth Management Limited  
Regd. Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road,  
Opp. Parel ST Depot, Prabhadevi, Mumbai-400 025  
Phone No.: 91-22-3980 4228 Fax No: 91-22-2281 6161.  
Email: [pwmpms@motilaloswal.com](mailto:pwmpms@motilaloswal.com)

We confirm that,

I) The Disclosure Document forwarded to Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time.

II) The disclosure made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decisions regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Off/Option.

III) The Disclosure Document has been duly verified by an independent Chartered Accountant – Mr. Aneel Lasod, a Partner of M/s. Aneel Lasod And Associates, Chartered Accountants, having membership no. 40117 and office at A-801-802, Corporate Avenue, 8th Floor, Sonawala Road, Goregaon (East), Mumbai – 400 063, on May 30, 2015.

For and on behalf of **Motilal Oswal Wealth Management Limited**

Sd/-  
(Ashish Shanker)  
Principal Officer  
Date: June 29, 2015.  
Place: Mumbai

### Index

Item No.	Contents	Page No.
1	Disclaimer	5
2	Definitions	5-7
3	Description <ul style="list-style-type: none"> <li>I. History, Present Business and Background of the Portfolio Manager</li> <li>II. Promoters of the Portfolio Manager, directors and their background</li> <li>III. Group companies information</li> <li>IV. Details of the services being offered</li> </ul>	7-11
4	Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority	11
5	Services Offered	11-17
6	Risk factors	17-19
7	Client Representation	19
8	The Financial Performance of the portfolio manager	20
9	Portfolio Management performance	20-21
10	Nature of Expenses	21-22
11	Taxation	22-24
12	Accounting Policies	25
13	Investor Services	26

## **1) Disclaimer:**

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document.

## **2) Definitions :**

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them here under respectively:

- (a) "Act" means the Securities and Exchange Board of India, Act 1992 (15 of 1992)
- (b) "Agreement" means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.
- (c) "Application" means the application made by the Client to the Portfolio Manager with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- (d) "Assets" means (i) the Portfolio and/or (ii) the Funds.
- (e) "Body Corporate" shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013. ;
- (f) "Bank Account" means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.
- (g) "Board" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act.
- (h) "Client" means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and/or funds.
- (i) "Custodian" means any person who carries on or proposed to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- (j) "Depository Account" means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered with the Client.
- (k) "Discretionary Portfolio Management Services" means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the agreement, where under the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.
- (l) "Discretionary Portfolio Manager" means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the Client, as the case may be.
- (m) "Document" means this Disclosure Document.

- (n) "Financial Year" means the year starting from April 1 and ending on March 31 of the following year.
- (o) "Funds" means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the portfolio Manager for being managed pursuant to Portfolio Investment Management Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- (p) Non-discretionary portfolio management services mean a services rendered to the client by the portfolio manager in accordance with the direction of the client with respect to investments or management of assets of the client.
- (q) "Parties" means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.
- (r) "Person" includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- (s) "Portfolio" means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Investment Management Agreement and includes any Securities mentioned in the Application, any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Investment Management Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (t) "Portfolio Manager" shall have the same meaning as given in regulation 2(cb) of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
- (u) "Principal Officer" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
- (v) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as may be amended from time to time.
- (w) "Scheduled Commercial Bank" means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- (x) "SEBI" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act.
- (y) "Securities" includes: "Securities" as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:
  - I. Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
  - II. Derivative;
  - III. Units or any other instrument issued by any collective investment scheme to the investors in such schemes;
  - IV. Security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002;
  - V. Units or any other such instrument issued to the investors under any mutual fund scheme;
  - VI. Government securities;
  - VII. Such other instruments as may be declared by the Central Government to be securities;
  - VIII. Rights or interest in securities;
  - IX. Exchange Traded Funds; and
  - X. Liquid Fund.

Words and expression used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

### **3) Description :**

#### **i) History, Present Business and Background of the Portfolio Manager:**

Motilal Oswal Wealth Management Limited ("MOWML") (Formerly known as Antop Traders Private Limited; the name of the company changes from Antop Trades Private Limited to Motilal Oswal Wealth Management Private Limited w.e.f. January 03, 2012; the conversion of the company into Public limited company is wef 21<sup>st</sup> March 2014 ) is a company incorporated under the Companies Act, 1956 on Mar 06, 2002 having its Registered Office at Palm Spring Centre, 2nd Floor, New Link Road, Malad (W), Mumbai – 400064. MOWML is a wholly owned subsidiary of Motilal Oswal Securities Limited ("MOSL"), which in turn is wholly owned subsidiary of Motilal Oswal Financial Services Limited ("MOFSL"). MOFSL is a listed entity actively traded in BSE and NSE..

Earlier, the company's primary business was into renting of premises but we have been building the business of Private Wealth Management by setting up the infrastructural facilities, building up the team and many other activities as per the regulations prescribed.

Motilal Oswal Wealth Management Limited holds Certificate of Registration No. INP000004409 dated 29<sup>th</sup> Nov 2012 issued under SEBI ( Portfolio Managers) Regulations, 1993 to act as a Portfolio Manager.

The Certificate of Registration is valid till 28<sup>th</sup> Nov 2015.

The parent company Motilal Oswal Securities Limited (MOSL) is today one of the leading equity research and broking house in India. It offers broking services to its customers, such as institutional clients and corporate clients, HNI and retail customers. Over the years, MOSL has been consistently ranked amongst the top brokerage houses for its research. We got many national and international awards for the work in our field.

We follow an "Open Architecture" model for product distribution which supports in meeting Client Portfolio requirements, rather than pushing a particular product without understanding the clients' portfolio needs.

Also, we aim to offer structured NCD deals through the proposed platform so as to give diverse investing opportunity to all investors. We propose to undertake to offer Advisory, Discretionary Portfolio Management Service as well as Non- Discretionary Portfolio Management Services to clients.

#### **ii) Promoters of the Portfolio Manager and their background:**

Motilal Oswal Wealth Management Ltd. is promoted by Motilal Oswal Securities Ltd. (MOSL).

MOSL is a subsidiary of Motilal Oswal Financial Services Ltd. (MOFSL) and MOFSL is a subsidiary of Passionate Investment Management Pvt. Ltd. MOSL has its origin in a small partnership formed between two chartered accountants, Mr. Motilal Oswal & Mr. Raamdeo

Agrawal in 1987. They acquired membership at the Bombay Stock Exchange (BSE) in the year 1990 in the name of "Motilal Oswal". Right from this stage of venture, approach was Research Based Broking.

Subsequently, few more memberships of BSE were acquired. In the year 1994, membership of NSE was also acquired. In the year 1994, "Motilal Oswal" was incorporated into a company, which is now known as Motilal Oswal Securities Limited. Subsequently,

Wealth Creating Study was initiated to identify the biggest wealth creating companies in Indian Stock Exchanges. This was also coupled with a formal equity research known as "Inquire". The company became Depository Participant of Central Depository Services (India) Limited in the year 1999 and National Securities Depository Limited in the year 2000.

The Company is one of the leading Broking Houses in the Retail as well as Institutional segment of the Capital Market. The major activities and offerings of MOSL are Equity Broking, Depository Participant Services, Institutional Broking and Research Services.

#### Directors and their background

##### a) Mr. Motilal Oswal

Mr. Motilal Oswal is a Director on the Board of the Company. He is a Chartered Accountant and started the business along with co-promoter, Mr. Raamdeo Agrawal in 1987. Under their leadership, MOFS group has grown from a small sub-brokerage in 1987 to India's leading and well respected Financial Services Company. For his exemplary work and contribution to the capital markets, Mr. Oswal has been felicitated with several awards and accolades. Mr. Oswal has also received the Rashtriya Samman Patra awarded by the Government of India for being amongst the highest income tax payers in the country for a period of 5 years from FY95–FY99.

Mr. Oswal has served on the governing board of the Bombay Stock Exchange (BSE) as well as IMC and also has served on many committees of BSE, NSE, SEBI and CDSL.

##### b) Mr. Raamdeo Agrawal

Mr. Raamdeo Agrawal is a Director on the Board of the Company. He is a Chartered Accountant by qualification. He is Co-Author for the book "Corporate Numbers Game" in 1986. He has extensive experience in Capital Markets and particularly in Equity research/ Investment Management.



Key Management Personnel (Portfolio Management Services)

Ashish Shanker: Principal Officer

Rajesh Goyal: Vice President – Operations

Pravin Kumar Sinha: Compliance Officer

Ashish Shanker: Head – Investment Advisory & Fund Manager

Aneesh Wadhvani: Manager – Advisory

**iii) Group company information ( i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis) (as per the audited financial statements for the year ended March 2014):**

1. Motilal Oswal Capital Markets Private Limited
2. Motilal Oswal Commodities Broker Private Limited
3. Motilal Oswal Investment Advisors Private Limited
4. MOPE Investment Advisors Private Limited (MOPE)
5. Motilal Oswal Insurance Brokers Private Limited
6. Motilal Oswal Asset Management Co. Ltd.
7. Motilal Oswal Trustee Co. Ltd.
8. Motilal Oswal Securities International Pvt. Ltd.
9. Motilal Oswal Capital Markets (Hongkong) Pvt. Ltd.
10. Motilal Oswal Capital Markets (Singapore) Pte. Ltd.
11. Aspire Home Finance Corporation Limited
12. Motilal Oswal Real Estate Investment Advisors Private Limited
13. Motilal Oswal Real Estate Investment Advisors II Private Limited
14. India Business Excellence Management Company
15. Motilal Oswal Asset Management (Mauritius) Co. Ltd.
16. Motilal Oswal Securities Limited
17. Motilal Oswal Financial Services Limited
18. Passionate Investment Management Private Limited (From October 5, 2012)

**iv) Details of the services being offered**

The Portfolio Manager broadly offers services under the following categories:

**a) Discretionary Services**

Under these services, the discretion pertaining to investment/disinvestments decisions on an on-going basis rest solely with the Portfolio Manager. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security as per the Client agreement and make such changes in the investments and invest some or all of the Client's account in such manner and in such markets as it deems fit. The securities invested / disinvested by the Portfolio Manager for Clients in the same Offering/Option may differ from one Client to another Client. The Portfolio Managers' decision taken in good faith towards deployment of the Clients' account is absolute and final and can never be called in question or be open to review at any time during the currency of the Client agreement or any time thereafter except on the ground of malafide, intent, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Regulations. Periodical statements in respect of Client's Portfolio shall be made available to the respective Clients. Investment objective may vary from client to client.

Depending on the individual client requirements, the portfolio can also be tailor made based on the client specification. We have launched investment strategies; such as "Aggressive Plus Strategy", "Aggressive Strategy", "Moderately Aggressive Strategy", "Balanced Strategy", "Moderately Conservative Strategy" and "Conservative Strategy", the details of which are attached.

#### **b) Non - Discretionary Services**

Under the Non-Discretionary Portfolio Management Services, the portfolio of the Client shall be managed in consultation with the Client. Under this service, the Assets will be managed as per the requirements of the Client after due consultation. The Client will have complete discretion to decide on the investment (Stock, Quantity and Price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client.

#### **c) Advisory Services**

Under these services, the Portfolio Manager provides investment advice on a non-binding basis. The client may or may not adhere to the advise provided by the Portfolio manager and all other incidental activities pertaining to execution and settlement are solely the Client's responsibility.

#### **d) Structured Offerings**

The Portfolio Manager from time to time would also endeavor to introduce various types of structured notes as per the requirements of its clients. The funds would be invested and managed in accordance with the specifications provided by the Portfolio Manager to Client. The Portfolio Manager can construct portfolios with different names in the form of Series under the any of the above mentioned offerings / options from time to time. The terms of the tenure of the offerings / options, subscription and redemption etc. will be as per the Client agreement and other documents executed with the investor.

#### **e) Real Estate Offerings**

The Portfolio Manager may endeavor to introduce various types of offering under the Real estate strategy in the form of Series under the "Real Estate Opportunities Strategy" viz, Series I, II, III etc from time to time. The terms of the tenure of the offerings / options, subscription and redemption etc. will be as per the Client agreement and other documents executed with the investor.

**4) Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority :**

No penalties / directions have been issued by the SEBI under the SEBI Act or Regulations made there under relating to Portfolio Management Services. There are no pending material litigations or legal proceedings, findings of inspections or investigations for which action has been taken or initiated by any regulatory authority against the Portfolio Manager or its Directors, principal officers or employees or any person directly or indirectly connected with the Portfolio Manager under the SEBI Act and Regulations made there under relating to Portfolio Management Services.

1	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under relating to Portfolio Management Services.	N.A
2	The nature of the penalty/direction.	N.A
3	Penalties imposed for any economic offence and/or for violation of any securities laws relating to Portfolio Management Services.	N.A
4	Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.	N.A
5	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency in relation to Portfolio Management Services for which action may have been taken or initiated.	N.A
6	Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made there under relating to Portfolio Management services.	N.A

**5) Services Offered :**

The Portfolio Manager intends to manage the Assets of the Client using the following strategy:

**a) Ultima Strategy**

**Fund Manager: Mr. Ashish Shanker**

The Strategy aims to generate superior returns over medium term period by investing in quality companies with good management. During turbulent external environment or sharp fall in Equity Indices, the strategy will focus on Capital Preservation by allocating higher corpus towards Money Market Mutual Funds.

Features:

- Invest in Companies/Sectors which promise a growth opportunity at fair market Value.
- Medium Term Investment Horizon : Investments' selection view of 18-24 months
- Active Rebalancing Strategy: Active Reduction in exposure to Companies with the objective of Profit Booking along with Sector Weightage Rebalancing whenever required.
- Market Timing: Active Asset Allocation calls between Debt and Equity during negative Market sentiments.
- Multi Cap Strategy with a bias towards large caps

**b) Aggressive Plus Strategy**

**Fund Manager: Mr. Ashish Shanker**

Aggressive Plus Portfolio is a high risk portfolio; its main objective is to generate capital appreciation by allocating exposure to predominantly growth assets but can have exposure in Fixed income assets as a tactical change to strategic allocation. Allocation across market capitalization and investment style will be decided by investment team or fund manager based on Economic data. The portfolio will invest in Equity or Equity Mutual Funds, Debt Instruments or Debt Mutual Funds, Money Market Mutual Funds and Gold Mutual Fund or ETFs which gets shortlisted based on a model which is an in-house proprietary quant-based model for rating funds under various categories.

Features:

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Investments' selection view of 36 months and above.
- The portfolio is based on strategic allocation and may be changed based on tactical view of MOWML Investment Team or Fund Manager.
- The Portfolio Manager may select a panel of third party Investment Advisors (Portfolio Managers registered with SEBI) in each asset class. Each such Investment Advisor shall have a distinct investment style, a proven investment process and a strong track record of performance. Once selected, the Portfolio Manager shall closely monitor and evaluate the third party Investment Advisors / investment managers of portfolio management services with their respective model portfolio on their ongoing performance. In this method, the Portfolio Manager shall take advice from the third party Investment Advisors in construction of the portfolio and selection of securities/instruments.

**c) Aggressive Strategy**

**Fund Manager: Mr. Ashish Shanker**

Aggressive Portfolio is a high risk portfolio; its main objective is to generate capital appreciation by allocating exposure to predominantly growth assets but can have exposure in Fixed income assets as a tactical change to strategic allocation. Allocation across market capitalization and investment style will be decided by investment team or fund manager based on Economic data. The portfolio will invest in Equity or Equity Mutual Funds, Debt Instruments or Debt Mutual Funds, Money Market Mutual Funds and Gold Mutual Fund or

ETFs which gets shortlisted based on a model which is an in-house proprietary quant-based model for rating funds under various categories.

Features:

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Investments' selection view of 36 months and above.
- The portfolio is based on strategic allocation and may be changed based on tactical view of MOWML Investment Team or Fund Manager.
- The Portfolio Manager may select a panel of third party Investment Advisors (Portfolio Managers registered with SEBI) in each asset class. Each such Investment Advisor shall have a distinct investment style, a proven investment process and a strong track record of performance. Once selected, the Portfolio Manager shall closely monitor and evaluate the third party Investment Advisors / investment managers of portfolio management services with their respective model portfolio on their ongoing performance. In this method, the Portfolio Manager shall take advice from the third party Investment Advisors in construction of the portfolio and selection of securities/instruments.

**d) Moderately Aggressive Strategy**

**Fund Manager: Mr. Ashish Shanker**

Moderately Aggressive Portfolio is a medium to high risk portfolio; its main objective is to generate capital appreciation by allocating exposure to predominantly growth assets with a small allocation on fixed income assets to reduce risk in the portfolio. Allocation across market capitalization and investment style will be decided by investment team or fund manager based on Economic data. The portfolio will invest in Equity or Equity Mutual Funds, Debt Instruments or Debt Mutual Funds, Money Market Mutual Funds and Gold Mutual Fund or ETFs which gets shortlisted based on a model which is an in-house proprietary quant-based model for rating funds under various categories.

Features:

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Investments' selection view of 36 months and above.
- The portfolio is based on strategic allocation and may be changed based on tactical view of MOWML Investment Team or Fund Manager.
- The Portfolio Manager may select a panel of third party Investment Advisors (Portfolio Managers registered with SEBI) in each asset class. Each such Investment Advisor shall have a distinct investment style, a proven investment process and a strong track record of performance. Once selected, the Portfolio Manager shall closely monitor and evaluate the third party Investment Advisors / investment managers of portfolio management services with their respective model portfolio on their ongoing performance. In this method, the Portfolio Manager shall take advice from the third party Investment Advisors in construction of the portfolio and selection of securities/instruments.

**e) Balanced Strategy**

**Fund Manager: Mr. Ashish Shanker**

Balanced Portfolio is a medium risk portfolio; it has a dual objective to generate capital appreciation and income. The objectives will be met by allocating exposure to both growth assets, i.e. equities and fixed income securities. Allocation across market capitalization and investment style will be decided by investment team or fund manager based on Economic data. The portfolio will invest in Equity or Equity Mutual Funds, Debt Instruments or Debt Mutual Funds, Money Market Mutual Funds and Gold Mutual Fund or ETFs which gets shortlisted based on a model which is an in-house proprietary quant-based model for rating funds under various categories.

Features:

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Investments' selection view of 36 months and above.
- The portfolio is based on strategic allocation and may be changed based on tactical view of MOWML Investment Team or Fund Manager.
- The Portfolio Manager may select a panel of third party Investment Advisors (Portfolio Managers registered with SEBI) in each asset class. Each such Investment Advisor shall have a distinct investment style, a proven investment process and a strong track record of performance. Once selected, the Portfolio Manager shall closely monitor and evaluate the third party Investment Advisors / investment managers of portfolio management services with their respective model portfolio on their ongoing performance. In this method, the Portfolio Manager shall take advice from the third party Investment Advisors in construction of the portfolio and selection of securities/instruments.

**f) Moderately Conservative Strategy**

**Fund Manager: Mr. Ashish Shanker**

Moderately Conservative Portfolio is a low to medium risk portfolio; its main objective is to generate income by allocating exposure to predominantly fixed income assets, the secondary objective is to generate capital appreciation by allocating a smaller portion of the portfolio to growth assets, i.e. equities. Allocation across market capitalization and investment style will be decided by investment team or fund manager based on Economic data. The portfolio will invest in Equity or Equity Mutual Funds, Debt Instruments or Debt Mutual Funds, Money Market Mutual Funds and Gold Mutual Fund or ETFs which gets shortlisted based on a model which is an in-house proprietary quant-based model for rating funds under various categories.

Features:

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Investments' selection view of 36 months and above.
- The portfolio is based on strategic allocation and may be changed based on tactical view of MOWML Investment Team or Fund Manager.
- The Portfolio Manager may select a panel of third party Investment Advisors (Portfolio Managers registered with SEBI) in each asset class. Each such Investment Advisor shall have a distinct investment style, a proven investment process and a strong track record of performance. Once selected, the Portfolio Manager shall closely monitor and evaluate the third party Investment Advisors / investment managers of portfolio management services with their respective model portfolio on their ongoing performance. In this method, the Portfolio Manager shall take advice from the third party Investment Advisors in construction of the portfolio and selection of securities/instruments.

**g) Conservative Strategy**

**Fund Manager: Mr. Ashish Shanker**

Conservative Portfolio is a low risk portfolio; its only objective is to generate income and safety of capital by allocating exposure to predominantly low risk assets, i.e. fixed income securities. Allocation across investment style will be decided by investment team or fund manager based on Economic data. The portfolio will invest in Debt Instruments or Debt Mutual Funds, Money Market Mutual Funds and Gold Mutual Fund or ETFs which gets shortlisted based on a model which is an in-house proprietary quant-based model for rating funds under various categories.

**Features:**

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time.
- Investments' selection view of 36 months and above.
- The portfolio is based on strategic allocation and may be changed based on tactical view of MOWML Investment Team or Fund Manager.
- The Portfolio Manager may select a panel of third party Investment Advisors (Portfolio Managers registered with SEBI) in each asset class. Each such Investment Advisor shall have a distinct investment style, a proven investment process and a strong track record of performance. Once selected, the Portfolio Manager shall closely monitor and evaluate the third party Investment Advisors / investment managers of portfolio management services with their respective model portfolio on their ongoing performance. In this method, the Portfolio Manager shall take advice from the third party Investment Advisors in construction of the portfolio and selection of securities/instruments.



**h) Structured Products Investments Strategy**  
**Fund Manager: Mr. Ashish Shanker**

The investment objective of the Portfolio Manager shall be preservation and growth of capital and at the same time endeavour to reduce the risk of capital loss. The Portfolio Manager may design and develop various series keeping in mind market conditions and may customize portfolios for client's specific need/profile.

**Features:**

- The Portfolio Manager will invest in Non Convertible Debentures (NCDs) issued by Non Banking Financial Companies.
- These Non Convertible Debentures may have payoffs, which may be based on stand alone or combination of all or some of the financial instruments such as equity, debentures, derivative instruments, swaps, swaptions a basket of securities, options, indices, commodities, debt issuances and/or foreign currencies, Secured Premium Notes, money market instruments, etc. to cater to specific Clients requirements.
- The Portfolio Manager may design and develop various series keeping in mind market conditions and may be customised for Client's specific need / profile. The Portfolio in all cases will be guided strictly by the relevant guidelines, Acts, Rules, Regulations, and notifications prevailing in force from time to time. The instrument may be principal protected or non-principal protected, which may have fixed or variable pay-offs. The investment objective of the Portfolio Manager shall be preservation and growth of capital and at the same time endeavour to reduce the risk of capital loss. However, while the aforesaid is the objective, it needs to be reiterated that there can be no assurance and/or guarantee of such growth or even as regards preservation of capital or of there being no capital loss. The amount invested by the Clients under this strategy may be subject to a lock in period as detailed in the Schedule to the agreement between the Client and the Portfolio Manager.

**i) Real Estate Opportunities Strategy**  
**Fund Manager: Mr. Ashish Shanker**

The Portfolio endeavors to invest in high yielding secured debentures issued by companies / entities participating directly or indirectly in the real estate sector. The main objective of the strategy is to provide regular income via interest income from investments in Non-Convertible Debentures (NCDs) or Optionally convertible debentures (OCDs). Further, in case of OCDs, the portfolio can also hold equity or equity related instruments (whether listed or unlisted) of the issuer or companies in the real estate sector by virtue of the option embedded in the debentures.

All the above mentioned strategies are used under the discretionary portfolio management services as per the Regulations specified by SEBI.

The main features under Discretionary Portfolio Management Services are:

Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the SEBI from time to time. Periodic valuation Report (if, any).



Periodic transaction Statement (if, any).

NOTE:

- Investment under Portfolio Management Services will be only as per the SEBI Regulations on PMS
- The un-invested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager be held in cash or deployed in Liquid fund schemes, Exchange Traded Index Funds, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- The Portfolio Manager, with the consent of the Client, may lend the securities through an Approved Intermediary, for interest.
- The Portfolio Manager will not invest any of the funds of the Client in the shares, mutual funds, debt, deposits and other financial instruments of group companies of the Portfolio Manager.

Apart from Discretionary Portfolio Management Services, the Portfolio Manager also offers Non-Discretionary Portfolio Management Services wherein the choice as well as the timings of the investment decisions rest solely with the Client. The Portfolio Manager manages the Assets of the Client in accordance with the directions given by the Client. Further the Portfolio Manager also offers Advisory Portfolio Management Services wherein the Portfolio Manager only renders investment advice to the Client in respect of securities. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

**6) Risk Factors :**

The investments made in securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved. Following are the risk factors as perceived by management:

- Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
- The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro

economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.

- Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.
- Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the Client's portfolio to liquidity risks.
- Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/ counter party.
- The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
- Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of

another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

- There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.
- The Net Asset Value may be affected by changes in settlement periods and transfer procedures.

- **Risk associated with Real Estate Sector:** Investments in bonds in the real estate sector carry specific risks relating to the sector such as, inter alia, lack of clear title to land in the absence of computerized records; the long drawn procedures that exist for approval of real estate projects and different agencies from which approvals may be required (including environmental clearances); the legal sanction accorded to compulsory acquisition of land for public purposes by the government; rent control legislations that may be in operation in different parts of the country; the inability of issuers to refinance bonds from other sources like bank finance in the light of curbs imposed by the Central Bank and corporate governance issues surrounding the sector; the cyclical nature of the business and its dependence on macroeconomic factors and the relatively illiquid nature of these bonds given the long gestation periods and high per unit values that real estate projects are associated with.

**7) (i) Client representation:**

S.N o.	Category of Clients	Total no. of Clients	Funds Managed (Rs. Crores)	Discretionary/Non-Discretionary (If available)
1	Associates/Group companies (Last 3 Years)	NIL	NIL	-
2	Others (Last 3 Years)			
2.1	2013-14	81	74.40	Discretionary, Non-Discretionary and Advisory
2.2	2014-15	136	127.74	Discretionary, Non-Discretionary and Advisory
2.3	2015-16 (As on 31052015)	143	124.74	Discretionary, Non-Discretionary and Advisory

"Funds Managed" indicates market value of Assets Under Management (AUM).

The above figures are given in compliance with amendment to the SEBI (Portfolio Managers) Regulations, 1993 dated August 11, 2008.

- ii) Transactions with related parties are as under: As per **Annexure 1**.

**8) The Financial Performance of Portfolio Manager (Based on audited financial Statements):**

Particular	Year Ended 31 <sup>st</sup> 2015 (Rs. In Lakh)	Year Ended 31 <sup>st</sup> 2014 (Rs. in Lakh )	Year Ended 31 <sup>st</sup> 2013 (Rs. in Lakh )
Profit before depreciation & tax & after Exceptional & Extraordinary Item (Net of tax)	979.87	237.00	42.54
Less: Depreciation	(39.67)	(34.57)	(18.10)
Less: Provision For Tax	(309.75)	(60.94)	(4.66)
Less/Add : Deferred tax	10.11	(7.95)	(2.72)
Less/Add : MAT Credit entitlement	-	-	0.58
Less: Fringe Benefit Tax	-	-	-
Less: Wealth Tax	-	-	-
Less: provision for tax (for previous year)	6.94	(11.14)	-
Profit/(Loss)For the year after tax	647.50	122.40	17.65
Add/(less):Balance B/F from previous year	269.36	146.96	129.31
<b>Balance carried to Balance Sheet</b>	<b>916.86</b>	<b>269.36</b>	<b>146.96</b>

**9) Portfolio Management performance of the Portfolio Manager for the last 3 years and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using weighted average method in terms of regulation 14 of the SEBI (Portfolio Managers) Regulation 1993**

Strategy Wise Report (in %)				
Strategy Name	Benchmark Index	Inception date	# Since Inception to 31.05.2015	
			Portfolio	Benchmark
Structured Product # #	NIFTY	30/04/2013	<b>8.60%</b>	<b>18.64%</b>
Balanced Strategy	SBB-BAL	23/5/2013	<b>15.43%</b>	<b>11.85%</b>
Aggressive Strategy	SBB-AGG	18/7/2013	<b>30.58%</b>	<b>17.93%</b>
Aggressive Plus Strategy	SBB-AGGPLUS	3/12/2013	<b>39.46%</b>	<b>23.22%</b>

MODERATELY AGGRESSIVE	SBB-MOD AGG	4/9/2013	32.35%	20.17%
-----------------------	----------------	----------	--------	--------

# The business of Portfolio Management Services was started on 23<sup>rd</sup> May 2013.

# #For Structure Products, the value of the SPs does not provide the true reflection of the investment returns as the pay-off of each SPs is dependent upon the investment objective of each structure.

Note:

Static Blended Benchmark (SBB) is an Index that tracks the performance of the strategic asset allocation of the client. It will be based on a blended benchmark for a portfolio based on benchmarks of each asset class in the portfolio. This index is rebalanced to its original weights after every calendar quarter. No tactical changes or active asset allocation calls are applied on this index.

None of the Portfolio Account exists under Ultima Strategy, Moderately Conservative Strategy, Conservative Strategy and Real Estate Opportunities Strategy as on March 31, 2015

## 10) Nature of Expenses:

### I. Investment Management & Advisory Fees:

Management and Advisory fees charged may be a fixed fee or a return based fee or a combination of both as detailed in the Schedule to the Portfolio Management Services agreement. The Fees may be charged upfront and/or at the end of a specified tenure as agreed between the Client and the Portfolio Manager.

### II. Custodian Fees:

As may be decided between the Client and the Portfolio Manager

### III. Registrar & Transfer Agent Fees: NIL

### IV. Brokerage & Transaction Cost:

The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, transaction cost like network charges, turnover charges, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker (including Motilal Oswal Securities Ltd.) Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients.

### V. Service Tax:

As applicable from time to time.

### VI. Depository Charges:

As may be applicable from time to time.

### VII. Entry Load /Exit Load

As may be mutually agreed to between the Client and the Portfolio Manager

**VIII. Certification and professional charges:**

Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarisations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.

**IX. Incidental expenses:**

Charges in connection with day-to-day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account, distribution charges or any other out of pocket expenses as may be incurred by the Portfolio Manager.

**11) Taxation**

The following information is based on the law in force in India at the date hereof. The information set forth below is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. The client should seek advice from his/her/its own professional advisor if he/she/it is in any doubt regarding the taxation consequences of investing in the Products offered under Portfolio Management Services.

**Income Tax:**

The maximum tax rates applicable to different categories of assessee are as follows:

Resident individual & HUF	30% + surcharge & cess
Partnership Firms & Indian Companies	30% + surcharge & cess
Non-resident Indians	30% + surcharge & cess
Foreign companies	40% + surcharge & cess

Assessee	Rate of surcharge & cess applicable
Individuals (including NRIs/PIOs), HUFs, Non-Corporate FIIs	A surcharge of 12 % on income tax (on income above 1 crore) and education cess of 2 % and Higher Education Cess of 1% is payable on the total amount of tax including surcharge.
Companies where the taxable income more than Rs. 1crores and upto Rs. 10 Crore	A surcharge of 7 % on income tax and education cess of 2 % and higher education cess of 1% is payable on the total amount of tax including surcharge. (a surcharge of 2 % in case of foreign companies).
Companies where the taxable income is more than Rs. 10 Crore	A surcharge of 12 % on income tax (on income above 10 crores) and education cess of 2 % and higher education cess of 1 percent is payable on the total amount of tax including surcharge. (a surcharge of 5 % in

	case of foreign companies).
--	-----------------------------

The Dividend received in respect of the shares and in respect of units of Mutual Fund held in the Products offered under the Portfolio Management Services is exempt from tax in the hands of investor.

However, the dividend/income distribution on securities and units received by Products offered under the Portfolio Management Services will be after distribution tax on the amount of dividend/income distribution declared.

The rates of tax on the dividend/ income distribution on units would be as under:

Rate of Tax (%) #			
	Type of Payer		
	Company	Mutual Funds	
		Money Market Liquid Fund	Others
Individuals / H.U.F/NRI	17.647%	25%	25%
Others	15%	30%	30%

# +Surcharge+ Education Cess+ Higher education cess as applicable

## Capital Gains Tax

### (a) Long Term

#### For Individuals, HUF, Partnerships Firm and Indian Companies

From October 1, 2004 in case of shares and securities and units of equity oriented schemes sold on a recognized stock exchange, which are subject to Securities Transaction Tax (currently 0.001% for units of equity oriented scheme and 0.1% on equity shares), the tax on Long Term Capital Gain would be **Nil**. Long term capital gains in respect of other listed securities or units

would be subject to tax at the lower of 20% (plus surcharge and education cess) of the gains computed after cost indexation, or 10% (plus surcharge and education cess) of the gains computed without cost indexation.

#### **(b) Short Term**

##### **For Individuals, HUF, Partnerships Firm and Indian Companies**

Short-term Capital Gains is added to the total income. Total income including short-term capital gain is chargeable to tax as per the relevant slab rates. However, tax on short term capital gains on sale of shares and units of equity oriented funds on a recognized stock exchange, which are subject to Securities Transaction Tax, would be @ 15% (plus applicable surcharge and an education cess).

##### **Provisions regarding Dividend income and Bonus**

According to the provisions of Section 94(7) of the Act, losses arising from the sale/redemption of units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months after such date, is disallowed to the extent of income on such units (other than on sale/redemption) claimed as tax exempt.

According to the provisions of Section 94(8) of the Act, if an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

##### **Tax Deduction at Source**

Dividend income distribution on securities and units is not taxable in the hands of receiver. TDS is deductible on interest income and would be deducted by the issuer of such security.

#### **12) Accounting Policies:**

The following Accounting policy will be applied for the investments of Clients:



- a) Investments in Equities, Mutual funds, Exchange Traded Funds and Debt instruments will be valued at closing market prices of the exchanges (BSE or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant scheme on the date of the report or any cut off date or the market value of the debt instrument at the cut off date. Alternatively, the last available prices on the exchange or the most recent NAV will be reckoned. In case of structured products, the portfolio will be valued at the face value of the product until the expiry of the tenure.
- b) Realized gains/ losses will be calculated by applying the first in / first out principle. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- c) For derivatives and futures and options, unrealised gains and losses will be calculated by marking to market the open positions.
- d) Unrealised gains/losses are the differences in between the current market values/NAV and the historical cost of the securities.
- e) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further Mutual Fund dividend shall be accounted on receipt basis. Other income like bank interest, interest on FD etc shall also be accounted on receipt basis.
- f) Bonus shares shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- g) Right entitlement shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- h) The cost of investment acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the brokers cost note/bought note.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

### **13) Investor Services:**

- I. Details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:

Name of the person	Pravin Sinha
Designation	Compliance Officer
Address	Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai-400 025
Email	pravin.sinha@motilaloswal.com
Telephone	+91-22-30102405

- II. Grievance redressal and dispute settlement mechanism:

Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 1993 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

For grievances point of contact will be pravin.sinha@motilaloswal.com

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms: -

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through Arbitration process as described in the Portfolio Investment Management Agreement or any Supplemental Agreement thereto.

For **Motilal Oswal Wealth Management Limited**

<b>Names of Directors</b>	<b>Signature</b>
Mr. Motilal Oswal	Sd/-
Mr. Ramdeo Agarwal	Sd/-

Place: Mumbai

Dated: June 29, 2015