

Scheme-specific Risk Factors

EQUITY

MAGNUM NRI INVESTMENT FUND

Magnum NRI Investment Fund will be investing in debt instruments (including Securitized debt and International securities), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) as also equity & equity related instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

MAGNUM MULTIPLIER PLUS SCHEME '93

Magnum Multiplier Plus Scheme '93 will be investing in equity & equity related instruments, derivatives as also debt instruments (including securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of a large number of redemption requests, or restructuring of the scheme's investment portfolio, these periods may become significant.

MAGNUM EQUITY FUND

Magnum Equity Fund will be investing in primarily in equity & equity related instruments derivatives as also debt instruments (including securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) and derivative instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of a large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemption (including suspending redemption) under certain circumstances.

MAGNUM GLOBAL FUND

Magnum Global Fund will be investing in equity & equity related instruments, derivatives as also debt instruments (including securitized debt), money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant.

MAGNUM INSTITUTIONAL INCOME FUND-SAVINGS PLAN

Magnum Institutional Income Fund will be investing in debt instruments (including Securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). Trading volumes and settlement periods inherently restricts the liquidity of the scheme's investments. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

MAGNUM TAXGAIN

Magnum TaxGain Scheme will be investing in equity & equity related instruments, derivatives as also debt instruments (including securitized debt), and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant.

Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved

intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

Investments under the scheme may also be subject to the following risks:

- i) Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.
- ii) Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.
- iii) Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.
- iv) Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.
- v) Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.
- vi) Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be

reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters.

Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM INDEX FUND

An investor in an index fund is taking a view on the movement of the stock market in general, and particularly of the stocks that

constitute the index. Performance of the S&P CNX Nifty Index will have a direct bearing on the performance of the scheme. The

scheme does not seek to protect the value of investment from a fall in the S&P CNX Nifty Index or its constituent stocks. Hence the

investor is automatically assuming the risk that if the index falls, his investment is likely to depreciate to that extent.

The view taken by

the investors on the movements of the stock market and the Nifty is entirely their own and the AMC is not responsible for any loss

arising out of the investors' decision to invest or repurchase based on their view of the market.

b. The portfolio of the fund may underperform to the extent of the impact cost of any transaction by the fund in individual stocks. Other

transaction costs and operating costs may also cause the fund to underperform.

c. Any delay in the receipt of sale proceeds due to the settlement cycles of the stock exchanges, or delay in receipt of dividends from corporates can result in delay in reinvestment of these funds, causing some amount of underperformance. Any delay in receipt of information by the fund manager regarding the change in the composition of the index or corporate actions (dividends, fresh issues of capital, mergers, buyback, etc) related to individual securities in the index may also result in underperformance.

d. The performance of the scheme may also be impacted by the Tracking Error of the scheme vis-à-vis the S&P CNX Nifty Index. The Tracking Error may arise due to the expenses that the scheme will incur on an ongoing basis, transaction costs involved in buying and selling of index shares, impact cost that may arise due to selling of stocks of the scheme at a loss to meet redemption requirements or on account of holding cash. The Tracking Error that may arise in this scheme is estimated to be in the range of 0.5% to 1.00% on an annualised basis.

e. Investments under the scheme may also be subject to the following risks:

- i Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.
- ii Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

iii Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks. Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM MIDCAP FUND

- a. The Trustees, AMC, Fund, their Directors or their employees shall not be liable or any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.
- b. Redemption by the Magnum Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their Directors or their employees shall not be liable for any tax consequences that may arise.
- c. The tax benefits described in this Offer Document are as available under the prevailing taxation laws. The information given is included only for general purpose and is based on

advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum Holder is advised to consult his/her own professional tax advisor.

d. Magnum MidCap Fund would be investing in equity & equity related instruments, debt and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

f. Stock Lending: There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

g. Investments under the scheme may also be subject to the following risks:

i. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

ii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.

iv. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

v. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

vi. Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives

market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

h. The Mutual Fund is not assuring any dividend nor is it assuring that it will make any dividend distributions. All dividend distributions are subject to the availability of distributable surplus and would depend on the performance of the scheme.

i. As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non fulfillment with either of the above two conditions in a three month time period or the end of the succeeding calendar quarter, whichever is earlier, from the close of the Initial Public Offer of openended schemes or on an ongoing basis for each calendar quarter, the schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investor's money would be redeemed at applicable NAV. Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

Magnum Sector Fund Umbrella

Generally, sector funds are more aggressive, holding a relatively smaller number of stocks, all of which tend to be affected by the same factors.

a. Magnum Sector Funds Umbrella will be investing in primarily in equity & equity related instruments, derivatives as also Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) and derivative instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of a large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemption (including suspending redemption) under certain circumstances as described in the Section on Investors' Rights and Services.

b. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

c. There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

d. Investments under the scheme may also be subject to the following risks:

i) Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

ii) Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/ rise.

iii) Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

iv) Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters.

Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

Magnum TaxGain Scheme

a. Magnum TaxGain Scheme will be investing in equity & equity related instruments, derivatives as also debt instruments (including securitized debt), and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant.

b. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

c. There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

d. Investments under the scheme may also be subject to the following risks:

i) Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

ii) Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the

time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii) Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government

borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.

iv) Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance

of returns can be made for these investments.

v) Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the

party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

vi) Reinvestment risk: This risk arises from uncertainty in the rate at which cashflows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or

redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM COMMA FUND

- a. The Trustees, AMC, Fund, their directors or their employees shall not be liable or any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.
- b. Redemption by the Magnum Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their directors or their employees shall not be liable for any tax consequences that may arise.
- c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum Holder is advised to consult his/her own professional tax advisor.
- d. Magnum COMMA Fund will be investing in a portfolio of stocks of companies engaged in the commodity business, fixed/floating rate debt instruments, Government Securities and money market instruments. The liquidity of the scheme's investments is inherently restricted by trading

volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Commodity prices normally have a tendency to have sharp uptrend in price movements followed by long period of downtrend in prices during which periods the scheme's performance could be impacted.

f. Different types of securities in which the scheme would invest as given in the Offer Document carry different levels of risk. Accordingly the scheme's risk may increase or decrease depending upon the investment pattern. For e.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate bonds, AAA rated bonds, are comparatively less riskier than AA rated bonds.

g. Subject to necessary approvals, the scheme may invest in overseas markets, which could be exposed to currency risk, sovereign risk, economic and political risks. Prices of ADR/GDR may not move in consonance with the domestic underlying stock due to currency movements and the prices could also be trading at a discount/premium to the underlying stocks.

h. Stock Lending: There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

i. The initial issue expenses incurred for the launch of the scheme would be amortized over a period not exceeding five years. Amortization of initial issue expenses would be over and above the annual recurring expenses and to that extent would have an impact on the NAV of the scheme on an ongoing basis over a period not exceeding five years.

j. Investments under the scheme may also be subject to the following risks:

i. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

ii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.

iv. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

v. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance

of returns can be made for these investments.

vi. Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse

impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

k. The Mutual Fund is not assuring any dividend nor is it assuring that it will make any dividend distributions. All dividend distributions are subject to the availability of distributable surplus and would depend on the performance of the scheme.

l. As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under

the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non fulfillment with either of the above two conditions in a three month time period or the end of the succeeding calendar quarter, whichever is earlier, from the close of the new fund offer of openended schemes or on an ongoing basis for each calendar quarter, the schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investor's money would be redeemed at applicable NAV. Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters.

Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM MULTICAP FUND

- a. The Trustees, AMC, Fund, their directors or their employees shall not be liable or any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.

- b. Redemption by the Magnum Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund, their directors or their employees shall not be liable for any tax consequences that may arise.

- c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum Holder is advised to consult his/her own professional tax advisor.

- d. Magnum MultiCap Fund would be investing in equity & equity related instruments, debt and money market instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole

discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Subject to necessary approvals, the Scheme may invest in securities in overseas markets, which could be exposed to currency risk, sovereign risk, economic and political risks. Prices of ADR/GDR may not move in consonance with the domestic underlying stock due to currency movements and the prices could also be trading at a discount/premium to the underlying stocks

f. Stock Lending: There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

g. Investments under the scheme may also be subject to the following risks:

i. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

ii. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

iii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iv. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc.

The values of investments will appreciate/depreciate if the interest rates fall/rise.

v. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

vi. Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

h. The Mutual Fund is not assuring any dividend nor is it assuring that it will make any dividend distributions. All dividend distributions are subject to the availability of distributable surplus and would depend on the performance of the scheme.

i The initial issue expenses incurred for the launch of the scheme would be amortized over a period not exceeding five years. Amortization of initial issue expenses would be over and above the annual recurring expenses and to that extent would have an impact on the NAV of the scheme on an ongoing basis over a period not exceeding five years.

j. Different types of securities in which the scheme would invest as given in the Offer Document carry different levels of risk. Accordingly the scheme's risk may increase or decrease depending upon the investment pattern. For e.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate

bonds, AAA rated bonds, are comparatively less riskier than AA rated bonds.

k. As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non fulfillment with either of the above two conditions in a three month time period or the end of the succeeding calendar quarter, whichever is earlier, from the close of the New fund offer of opened schemes or on an ongoing basis for each calendar quarter, the schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investor's money would be redeemed at applicable NAV. SEBI has provided further clarifications vide circular SEBI/IMD/Cir No. 1/42529/05 dated 14th June 2005 in respect to determining the breach of the 25% limit by an Investor – (i) the earlier circular would be applicable at the portfolio level. (ii)

The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor will be computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional

advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

SBI BLUE CHIP FUND – OFFER DOCUMENT

a. The Trustees, AMC, Fund, their directors or their employees shall not be liable for any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.

b. Redemption by the Magnum holder / Unit holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their directors or their employees shall not be liable for any tax consequences that may arise.

c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum holders / Unit Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum holder / Unit holder is advised to consult his/her/its own professional tax advisor.

d. SBI Blue Chip Fund would be investing in equity & equity related instruments, debt and money market instruments (such as call money market, term/notice money market,

repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Subject to necessary approvals, the Scheme may invest in securities in overseas markets, which could be exposed to currency risk, sovereign risk, economic and political risks. Prices of ADR/GDR may not move in consonance with the domestic underlying stock due to currency movements and the prices could also be trading at a discount/premium to the underlying stocks

f. Stock Lending: There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

g. Investments under the scheme may also be subject to the following risks:

- i. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.
- ii. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities

have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

iii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iv. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.

v. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

vi. Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks

h. The initial issue expenses incurred for the launch of the scheme would be amortized over a period not exceeding five years. Amortization of initial issue expenses would be over and above the annual recurring expenses and to that extent would have an impact the NAV of the scheme on an ongoing basis over a period not exceeding five years.

i. Different types of securities in which the scheme would invest as given in the Offer Document carry different levels of risk. Accordingly the scheme's risk may increase or

decrease depending upon the investment pattern. For e.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risk than bonds, which are AA rated.

j. The Mutual Fund is not assuring any dividend nor is it assuring that it will make any dividend distributions. All dividend distributions are subject to the availability of distributable surplus and would depend on the performance of the scheme. Investors should study the Offer Document carefully in its

entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters.

Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other implications/considerations of subscribing to or

redeeming Magnums/ Units, before making a decision to invest/ redeem Magnums/ Units.

BALANCED

MAGNUM BALANCED FUND

Magnum Balanced Fund will be investing in equity & equity related instruments as also debt instruments (including securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemption (including suspending redemption) under certain circumstances.

DEBT

MAGNUM INCOME PLUS FUND

- a. The Trustees, AMC, Fund, their directors or their employees shall not be liable or any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.
- b. Redemption by the Magnum Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their directors or their employees shall not be liable for any tax consequences that may arise.
- c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor /

Magnum Holder is advised to consult his/her own professional tax advisor.

d. Magnum Income Plus Fund will be investing in debt instruments (including Securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) as also equity & equity related instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

f. There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

g. Investments under the scheme may also be subject to the following risks:

i. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations.

This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuers ability to meet the obligations.

ii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of

sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.

iv. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This

is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will

depend upon prevailing market rates at the time the coupons are received.

v. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of

returns can be made for these investments.

vi. Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the party. The

cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging

requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for

underlying securities and also on the suitable and acceptable benchmarks.

h. The Mutual Fund is not assuring any dividend nor is it assuring that it will make quarterly dividend distributions. All dividend distributions are subject to the investment performance of the scheme.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM LIQUIBOND INCOME FUND

a. Magnum LiquiBond Income Fund will be investing in debt instruments (including securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI). The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant.

b. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

c. The Mutual Fund is not assuring that it will make dividend distributions on a semi annual basis. All dividend distributions are subject to the availability of distributable surplus.

d. Investments under the scheme may also be subject to the following risks:

i) Credit risk: Credit risk is risk resulting from uncertainty in a counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuers ability to meet the obligations.

ii) Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii) Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise.

iv) Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

v) Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters.

Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM CHILDREN'S BENEFIT PLAN

a. Redemption by the Magnum Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their directors or their employees shall not be liable for any tax consequences that may arise.

b. The Scheme has two options for Premature repurchases. Premature repurchase in cases of donor investing through parents where the lock-in facility has been exercised, will be permitted only on a joint request from both the donor & the parent/legal guardian. Repurchase without the lock-in will be permitted on a request from parent/legal guardian. The other terms and conditions for repurchases are same under both options as detailed in the section on redemption and repurchases.

c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum Holder is advised to consult his/her own professional tax advisor.

d. Magnum Children's Benefit Plan will be investing in debt instruments (including securitized debt), Government

Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) as also equity & equity related instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

f. There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

g. Investments under the scheme may also be subject to the following risks:

- i) Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuers ability to meet the obligations.
- ii) Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at

the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii) Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise.

iv) Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

v) Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

vi) Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advise relating to legal, taxation, investment or any other matters.

Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Magnums, before making a decision to invest/redeem Magnums.

MAGNUM MONTHLY INCOME PLAN

a. Magnum Monthly Income Plan will be investing in debt instruments (including securitized debt), Government Securities and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) as also equity & equity related instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant.

b. The Mutual Fund is not assuring that it will make monthly or quarterly or annual dividend distributions. All dividend distributions are subject to the availability of distributable surplus.

c. Investments under the scheme may also be subject to the following risks:

i) Credit risk: Credit risk is risk resulting from uncertainty in a counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit

risk while other debt instruments are rated according to the issuers ability to meet the obligations.

ii) Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii) Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise.

iv) Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

v) Derivative risks: The derivatives will entail a counter-party risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

vi) Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

MAGNUM GILT FUND

a) Magnum Gilt Fund is prone to interest rate risks like any other debt instruments. Changes in interest rates will affect the scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise.

b) Magnum Gilt Fund will be investing in Government Securities only with the exception of investments in call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI.

c) The Mutual Fund is not assuring any monthly or quarterly dividend nor is it assuring that it will make monthly or quarterly dividend distributions. All dividend distributions are subject to the investment performance of the scheme.

MAGNUM MONTHLY INCOME PLAN FLOATER

a. The Trustees, AMC, Fund, their directors or their employees shall not be liable for any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.

b. Redemption by the Magnum / Unit Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their directors or their employees shall not be liable for any tax consequences that may arise.

c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum / Unit Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum / Unit Holder is advised to consult his/her/its own professional tax advisor.

d. MMIP - Floater would be investing in debt and money market instruments (such as call money market, term/notice money market, repos, reverse repos and any alternative to the call money market as may be directed by the RBI) as

also in equity & equity related instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

e. Different types of securities in which the scheme would invest as given in the Offer Document carry different levels of risk. Accordingly the scheme's risk may increase or decrease depending upon the investment pattern. For e.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risk than bonds, which are AA rated.

f. Subject to necessary approvals, the Scheme may invest in overseas markets, which carry a risk on account of fluctuations in the foreign exchange rates.

g. Stock Lending: There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.

h. Investments under the scheme may also be subject to the following risks:

i. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest.

Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

ii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

iii. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.

iv. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

v. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.

vi. Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

i. The Mutual Fund is not assuring any dividend nor is it assuring that it will make any dividend distributions. All dividend distributions are subject to the availability of distributable surplus and would depend on the performance of the scheme.

LIQUID FUND

MAGNUM INSTA CASH FUND

a) As in the case of any fund investing in debt, the NAV of the scheme will be sensitive to changes in interest rate. In case of an increase in interest rates, the market value of existing debt instruments may fall, leading to a fall in the NAV. The sensitivity of the NAVs of either of the Plans to interest rate movements cannot be entirely eliminated and investment in the either Plan is not guaranteed to protect the value of the investment completely from unfavourable changes in the interest rates. However, the NAV of the Cash Plan is expected to be less sensitive to the long-term interest rate movements.

b) AMC's perception: The impact of a rise in interest rates will be reduced through good fund management practices. In anticipation of any rise in interest rates, the Scheme will attempt to move the funds in from long-term instruments into short-term debt & money market instruments where the impact on the NAV will be much lower. Also, if the interest rates at any point of time are expected to ease, the Scheme can move back into long-term debt to take advantage of appreciation in the market value of its investments.

c) In an open ended fund, any disruption in the normal functioning of the markets for debt instruments or extreme illiquidity in any of the debt instruments may affect the ability of the fund manager to buy or sell freely in the market. In the event of inordinately large number of redemption requests or of a restructuring of the Scheme's portfolio, the time taken by the Fund for redemption may become significant. Please see para "Right to Limit Redemptions" in section "Redemptions and Repurchase".

d) AMC's perception: Such situations may be extremely rare and temporary in nature. Although the debt market in India is not very liquid, there is always demand for debt instruments having a high rating & issued by good companies, at appropriate yields. At times, the fund may choose to hold such instruments till maturity and meet redemption needs through temporary borrowing within permissible limits. The fund will keep a sufficient amount of the funds in cash, call money and liquid money market instruments to take care of the normal redemption needs.