

Deutsche Mutual Fund

# DWS Capital Protection Oriented Fund

A 3 years close ended Fund.  
Rated AAA (SO) by CRISIL\*

The fund is a capital protection oriented fund that endeavors to protect the capital by investing in high quality fixed income securities and generate capital appreciation by investing in equity and equity related instruments.

## Offer Document

Offer of Units at face value of Rs. 10 per Unit with applicable Load, if any during the New Fund Offer Period.

New Fund Offer Opens : -----, 2007

New Fund Offer Closes : -----, 2007

This Offer Document contains information necessary for an investor to make an informed investment decision in the Scheme described herein. Investors should carefully read the Offer Document prior to making an investment decision and retain the Offer Document for future reference. Investors may note that this Offer Document remains effective until a material change occurs. Material changes shall be filed with SEBI and circulated to all Unit Holders or as may be publicly notified by advertisements in the newspapers subject to the applicable regulations.

The particulars of the Scheme offered under this Offer Document, have been prepared in accordance with the Securities Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with the Securities and Exchange Board of India (SEBI), and the Units being offered for public subscription have neither been approved or disapproved by SEBI nor has SEBI certified the accuracy and adequacy of the Offer Document.

\* *The rating only indicates highest degree of certainty regarding payment of face value of investment to the unit holders on maturity and is not an opinion on the stability of the scheme's NAV before its maturity date.*

#### Sponsors / Co-Sponsors

Deutsche Asset Management (Asia) Limited  
One Raffles Quay, #17-00, South Tower, Singapore 048583.

Deutsche India Holdings Private Limited  
5th Floor, Nicholas Piramal Tower, Peninsula Corporate Park,  
Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.

#### Asset Management Company

Deutsche Asset Management (India) Private Limited  
2nd Floor, 222 Kodak House, Dr. D. N. Road, Fort, Mumbai 400 001.

#### Trustee

Deutsche Trustee Services (India) Private Limited  
2nd Floor, 222 Kodak House, Dr. D. N. Road, Fort, Mumbai 400 001.



Deutsche Asset Management  
A Member of the Deutsche Bank Group





## Important Notice

Investing in a mutual fund scheme involves certain risks and considerations associated generally with making investments in securities. The value of the Scheme's investments may be affected generally by factors affecting capital markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in Government policies, taxation, political, economic or other developments, etc. Consequently, there can be no assurance that the Scheme will achieve its objectives. The NAV of the Units of the Scheme may fluctuate and can go up or down. Past performance of the mutual funds managed by the Sponsors or their affiliates is not indicative of the future performance of the Scheme nor will past performance of the Scheme, following its commencement of operations, be necessarily indicative of its future performance.

Prospective investors are advised to review this Offer Document carefully and in its entirety and consult with their legal, tax and financial advisors to determine possible legal, tax and financial or other consequences of subscribing to, purchasing or holding Units under the Scheme, before making an application for Units. Investors are requested to retain this Offer Document for their reference.

The Deutsche Mutual Fund ("the Fund"), Deutsche Asset Management (India) Private Limited ("the AMC") and / or Deutsche Trustee Services (India) Private Ltd. ("Trustee") have not authorised any person to give any information or make any representations, either oral or written, not stated in this Offer Document in connection with the issue of Units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this Offer Document unless the same has been authorised by the Fund or the AMC or the Sponsor. Any subscriptions, purchase or sale made by any person on the basis of statements or representations which are not contained or which are inconsistent with the information contained in this Offer Document shall be solely at the risk of purchaser.

The current Regulations impose certain restrictions and conditions on the AMC for entering into transactions with the Sponsors and their associates. These restrictions include:

- a) prohibition of purchase or sale of securities through any broker associated with a Sponsor that is an average of 5% or more of the aggregate purchases and sale of securities made by the Fund in all its schemes. The limit of 5% shall apply for a block of any three months.
- b) prohibition of utilisation of the services of the Sponsors or any of their associates, for the purpose of any securities transactions and distribution and sale of securities unless a disclosure to this effect is made in the Offer Document.

Deutsche Bank is an associate of the AMC and will be entitled to brokerage and trailer fee on the funds mobilised by them. The AMC may utilise the services of its associate, Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arm's length basis and at mutually agreed terms and conditions to the extent permitted under the SEBI Regulations, after evaluation of the competitiveness of the pricing offered by the Sponsor, associate companies (including their employees or relatives) and the services to be provided by them.

In this Offer Document all references to "\$" are to United States of America Dollars and "Rs." are to Indian Rupees.

This Offer Document is dated \_\_\_\_\_, 2007. Investors should ascertain about any further changes after \_\_\_\_\_, 2007 from the AMC or any Investor Service Centre or Collection Centres or its distributors / brokers.

OFFER DOCUMENT AS ON \_\_\_\_\_, 2007

## Service Providers

### Sponsors / Co-Sponsors

#### Deutsche Asset Management (Asia) Limited

Registered Office :

One Raffles Quay, #17-00, South Tower, Singapore 048583.

#### Deutsche India Holdings Private Limited

5th Floor, Nicholas Piramal Tower, Peninsula Corporate Park,  
Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013

### Asset Management Company

#### Deutsche Asset Management (India) Private Limited

Registered & Corporate Office :

2nd Floor, 222 Kodak House, Dr. D. N. Road,  
Fort, Mumbai 400 001.

### Trustee

#### Deutsche Trustee Services (India) Private Limited

Registered Office :

2nd Floor, 222 Kodak House, Dr. D. N. Road,  
Fort, Mumbai 400 001.

### Custodian

#### JP Morgan Chase Bank

Mafatlal Centre, 9th Floor, Nariman Point,  
Mumbai 400 021.

### Registrars & Transfer Agents

#### Karvy Computershare Private Ltd.

46, Road No. 4, Street No. 1, Banjara Hills,  
Hyderabad 500 034.

### Auditors to the Fund & Tax Advisors

#### Price Waterhouse

1102/1107 Raheja Chambers, Nariman Point,  
Mumbai 400 021.

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# I. Risk Factors & Special Considerations

## Standard Risk Factors

- Mutual funds, like securities investments, are subject to market and other risks and there can be no guarantee against loss resulting from an investment in the Scheme nor can there be any assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors that may affect the values of the Scheme's investments. In addition to the factors that affect the value of individual securities, the NAV of the Scheme can be expected to fluctuate with movements in the broader bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.

Past performance of the Sponsor/AMC/Mutual Fund/Scheme and their affiliates/associates do not indicate the future performance of the Scheme of the Mutual Fund.

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs.1 lakh collectively made by them towards setting up the Fund or such other accretions and additions to the initial corpus set up by the Sponsors.
- Investors in the Scheme are not being offered a guaranteed or assured rate of return. The Mutual Fund is not guaranteeing or assuring any dividend or that it will make any dividend distributions at all. In any event, dividend distributions are subject to the investment performance of the Schemes.
- DWS Capital Protection Oriented Fund is the name of the Scheme and does not in any manner indicate the quality of the Scheme, its future prospects or returns. The Mutual Fund is not guaranteeing or assuring any dividend or that it will make any dividend distributions at all. In any event, dividend distributions are subject to the investment performance of the Schemes.
- As per SEBI circular dated December 12, 2003 ref SEBI/IMD/CIR No.10/22701/03, 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 close ended schemes, the scheme must have a minimum of 20 investors and no single investors should hold more than 25% of the corpus of the scheme (at portfolio level) at the time of allotment. If the scheme fails to get minimum of 20 investors in the New Fund Offer, the investor's application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the scheme corpus at the time of allotment. Hence such investors could be allotted limited units to such extent.

## Specific Risk Factors

- Different types of securities in which the scheme would invest as given in the offer document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. 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 risky than bonds which are AA rated.
- Subject to the stated investment objectives, the Scheme(s) propose to invest in debt and debt related instruments, as may be permitted by SEBI, from time to time. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme(s) to make intended securities' purchases due to settlement problems could cause the Scheme(s) to miss certain investment opportunities. The length of time for settlement may affect the Scheme in the event the Scheme has to meet an inordinately large number of redemption requests. The Scheme will retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.

- The Scheme may also use various derivative and hedging products like Interest Rate Swaps, Forward Rate Agreements or other derivative instruments from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest. The Risk associated with dealing in Derivatives trading are given below under "Risk factor associated with trading in derivatives".
- There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.
- The liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.
- Funds investing in Government Securities may involve some risks, which can have adverse effect on portfolio returns and holdings. Such risks may include government involvement in private sectors certain local tax laws considerations, international and regional political and economic developments, possible imposition of exchange controls or other local governmental laws or restriction, the increase risk of adverse effects from deflation and inflation, and the possibility of limited legal recourse for the fund.
- **Credit Risk:** A fundamental risk relating to all fixed income securities, is a chance that an issuer will fail to make a principal and interest payment when due. Issuers with higher credit risks typically offer higher yields for this added risk. Conversely, issuers with lower credit risk offer lower credit yields. Generally government securities are considered to be the safest in terms of the credit risk. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on a firms credit quality and security values.
- Certain fixed income securities give an issuer the right to call its securities, before their maturity date, in periods of declining interest rates. The possibility of such pre-payment risk may force the fund to re-invest the proceeds of such investments in securities offering lower yields, thereby reducing the fund's interest income.
- **Interest Rate Risk:** As with all debt securities, changes in interest rates may affect the Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.
- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Plans are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Settlement Risk:** The inability of the Plan to make intended securities purchases due to settlement problems could cause the Plan to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Plan's portfolio due to the extraneous factors that may impact liquidity would result, at times, in potential losses to the Plan, in case of a subsequent decline in the value of securities held in the Plan's portfolio.
- **Regulatory Risk:** Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Scheme.
- The value of the Scheme's investments may be affected generally by factors affecting capital markets, such as interest rates, currency exchange rates, foreign investment, changes in governmental policy, taxation and political, economic or other developments. Consequently, the net asset value of the Scheme may fluctuate and the value of the Scheme's Units may go down as well as up. Past performance of the sponsors is not necessarily indicative of future performance of the Scheme.

### **Risk associated with investment in Securitised Instruments:**

Generally available Asset Classes for Securitisation in India

- Commercial Vehicles
- Auto and Two wheeler pools
- Mortgage pools (residential housing loans)
- Personal Loan, credit card and other retail loans
- Corporate loans / receivables

**Underlying Risk:** Each asset class has a different underlying risk, however, residential mortgages are supposed to be having lower default rates. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher and hence their overall risks are comparable to other AAA rated asset classes.

The rating agencies have an elaborate system of stipulating margins, over collateralisation and guarantee to bring risk limits in line with the other AAA rated securities. Please note that predominantly the scheme intends to invest in only AAA rated securitised debt.

### **Some of the factors, which are typically analyzed for any pool are as follows:**

**Nature & Size of the loan:** generally indicates the kind of assets financed with loans. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say Rs.1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of Rs.10,00,000 each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed Rs. 5,00,000/- per individual. Also to amplify this illustration further, if one were to construct a pool of Rs.1,00,00,000/- consisting of personal loans of Rs.1,00,000/- each, the larger number of contracts(100 as against one of 10 housing loans of Rs.10 lakh each) automatically diversifies the risk profile of the pool as compared to a housing loan based asset pool.

**Average original maturity of the pool:** indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60 month contracts, the original maturity and the residual maturity of the pool viz. number of remaining instalments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 50 car loans having original maturity of 60 months, if more than 60% of the contracts have paid more than 40% of the instalments and if no default has been observed in such contracts, this is a far superior portfolio than a similar car loan pool where 80% of the contracts have not even crossed 4 instalments.

**Borrowers Contribution vis a vis Loan:** Indicates how much % value of the asset is financed by borrower's own equity. The higher the contribution of the borrower the better it is. This Ratio stems from the principle that where the borrowers own contribution of the asset cost is high, the chances of default are lower. To illustrate for a House costing Rs. 20 lakhs, if the borrower has himself contributed Rs.10 lakh and has taken only Rs.10 lakhs as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs. 20 lakhs if he defaults in repaying an instalment.

**Repayment Discipline of the pool:** indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loan, if a pool of assets consist of those who have already repaid 80% of the instalments without default, this certainly is a superior asset pool than one where only 10% of instalments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher.

**Default rate distribution:** Indicates how much % of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here is very obvious, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category.

Unlike in plain vanilla instruments, in securitisation transactions it is possible to enhance the credit rating, which could be much higher than the originator's own credit rating. This is possible through a mechanism called 'Credit enhancement'. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collection from the pool of receivables for a given period are short of the contractual payouts on securitisation. Securitisation are normally non-recourse instruments and therefore, the repayment on securitisation would have to come from the underlying assets and the credit enhancement. Therefore, the rating criteria centrally focus on the quality of the underlying assets.

Internationally, the quality of credit ratings is measured by default rates and stability. In the Indian scenario, more than 95% of issuances have been AAA rated issuances indicating the strength of the underlying assets as well as adequacy of credit enhancement.

### **Investment exposure of the Fund with reference to Securitised Debt:**

The Fund will predominantly invest only in those securitisation issuances which have AAA rating indicating the highest level of safety from credit risk point of view at the time of making an investment.

#### **The Fund will not invest in foreign securitised debt.**

The Fund may invest in various type of securitisation issuances, including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, Personal Loan Backed Securitisation, Collateralized Loan Obligation / Collateralized Bond Obligation and so on.

The Fund does not propose to limit its exposure to only one asset class or to have asset class based sub-limits as it will primarily look towards the AAA rating of the offering.

### **Risk Factors specific to investments in Securitised and Structured Instruments:**

Types of Securitised Debt vary and carry different levels and types of risks. Credit Risk on Securitised Bonds depends upon the Originator and varies depending on whether they are issued with Recourse to Originator or otherwise.

Even within securitised debt, AAA rated securitised debt offers lesser risk of default than AA rated securitised debt. A structure with Recourse will have a lower Credit Risk than a structure without Recourse.

Underlying assets in Securitised Debt may assume different forms and the general types of receivables include Auto Finance, Credit Cards, Home Loans or any such receipts, Credit risks relating to these types of receivables depend upon various factors including macro economic factors of these industries and economies. Specific factors like nature and adequacy of property mortgaged against these borrowings, nature of loan agreement/ mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loans, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the asset borrowings underlying the securitised debt.

Holder of the securitised assets may have low credit risk with diversified retail base on underlying assets especially when securitised assets are created by high credit rated tranches and may differ depending upon the interest rate movement and speed of prepayment etc. The change in market interest rates - prepayments may not change the absolute amount of receivables for the investors, but may have an impact on the re-investment of the periodic cash flows that the investor receives in the securitised paper.

### **Limited Liquidity & Price Risk**

Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

### **Limited Recourse, Delinquency and Credit Risk**

Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders

against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset.

However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

#### Risks due to possible prepayments:

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments Full prepayment of underlying loan contract may arise under any of the following circumstances;

- Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
- Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
- The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same

In the event of prepayments, investors may be exposed to changes in tenor and yield.

#### Bankruptcy of the Originator or Seller

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

#### Bankruptcy of the Investor's Agent

If Investor's agent, becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustee but in its personal capacity, then an Investor could experience losses or delays in the payments due under the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity.

#### Credit Rating of the Transaction / Certificate

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

#### Risk of Co-mingling

The Servicers normally deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of the Servicer. If the Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss. Due care is normally taken to ensure that the Servicer enjoys highest credit rating on stand alone basis to minimize Co-mingling risk.

#### Risk factor associated with Trading in Derivatives:

While Interest Rate Derivatives are powerful new tools, the investor should understand instrument and its risk-return profile. The Derivatives unlike plain cash market instrument, requires greater expertise and it could cause damage if used without proper analysis. It driven by the demand & supply of money, monetary & credit policy

viz. Bank rate, Repo rate etc., exchange rate policy, inflation, economic growth & investment avenues etc. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Even a small price movement in the underlying security could have a large impact on their value.

SEBI vide its circular no. MFD/CIR/011/061/2000 dated February 1, 2000 has permitted all the mutual funds to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf. Pursuant to this, the mutual funds may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest.

The Fund may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Accordingly the Fund may use derivative instruments like Interest Rate Swaps/Futures, Forward Rate Agreements, or other derivative instruments for the purpose of hedging and portfolio balancing or for its efficient management, as permitted under the Regulations and guidelines.

As and when the Scheme(s) trades in the derivatives market 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 also 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 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.

- Since derivatives would be used as risk management tool, upto 50% of the Scheme's net assets in the debt component of the portfolio may be utilised for derivatives trading.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

The following information provides a basic idea as to the nature of the derivative instruments proposed to be used by the Fund and the benefits and risks attached there with.

#### i) Interest Rate Swaps and Forward Rate Agreements

##### Benefits

Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Fund remains in call market for the liquidity and at the same time take advantage of fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

##### Illustration

The following are illustrations how derivatives work:

##### Basic Structure of an Interest Rate Swap

Say Notional Amount	: Rs. 5 crores
Benchmark	: NSE MIBOR
Tenor	: 91 days
Documentation	: International Securities Dealers Association (ISDA).
Fixed Rate	: 6.25% At the end of 91 days
The Scheme Pays	: compounded call rates for 91 days, which averages to say 5.90%
The Scheme receives	: Fixed rate at 6.25% for 91 days.

At the end of 91 days the transaction will be settled as under:-

The Scheme receives Fixed rate @ 6.25% for 91 days	Rs. 7,79,110
The Scheme pays floating rate @ 5.90% for 91 days amounting to	Rs. 7,35,479
Net Receivable / Settlement Value	Rs. 43,631

Please note that the above example is hypothetical in nature and the figures are assumed.

Thus the trade off for the Fund will be the difference in call rate and the fixed rate payment and this can vary with the call rates in the market. Please note that the above example is given for illustration purposes only and the actual returns may vary depending on the terms of swap and market conditions.

## ii) Options and Futures

### Hedging against an anticipated rise in equity prices

Say Cash with the Fund: Rs.5 crores

Fund buys index futures of a value of 5 crores and may reduce exposure to the future contract by taking an offsetting position as investments are made in the equities it wants to invest in. Here, if the market rises, the fund gains by having invested in the index futures.

### Hedging against an anticipated fall in equity prices

If the Fund has a negative view on the market and would not like to sell stocks as the market might be weak, the Fund can go short on index futures. Later, the fund can sell stocks and unwind the futures positions. A short position in the futures would offset the long position in the underlying stocks and this can curtail potential loss in the portfolio.

Please note that the above example is hypothetical in nature.

### Risk factor associated with Overseas Investment:

- Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country, repatriation of capital due to exchange controls and political circumstances.
- Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.
- To the extent that the assets of the Scheme(s) will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- Although countries have sovereign credit ratings but these are an assessment of each government's ability and willingness to service its debt in full and on time. A rating is a forward-looking estimate of default probability. Sovereign ratings address the credit risk of national governments, but not the specific default risk of other issuers. The Sovereign ratings are either for the local currency or the foreign currency indicating the ability of the sovereign to service the debt obligations in either the local currency or the foreign currency. In the unlikely event of a downgrading of the sovereign credit rating, the fund will be adversely affected.
- The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests.

**At present, the Scheme does not intend to make any investment in foreign securities.**

### Special Considerations

- Mutual funds being vehicles of securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors

which impact the value of the Schemes' investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

- Investment decisions made by the AMC may not always be profitable.
- From time to time, the affiliates /associates of the Sponsors may invest either directly or indirectly in the Scheme. These affiliates/associates may acquire a substantial portion of the Scheme's Units and collectively constitute a majority investor in the Scheme. Accordingly, redemption of Units held by such funds may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption's and may impact the ability of other Unit Holders to redeem their respective Units.
- Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). Debt securities may also be subject to price volatility due to such factors as interest sensitivity, market perception or the creditworthiness of the issuer and general market liquidity (market risk). While it is the intent of the Investment Manager to invest primarily in highly rated debt securities, the Schemes may from time to time invest in higher yielding, lower rated securities. This would enhance the degree of risk.
- Lower rated or unrated securities are more likely to react to developments affecting the market and the credit risk than the highly rated securities which react primarily to movements in the general level of interest rates. Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities. The Investment Manager will consider both credit risk and market risk in making investment decisions.
- Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than other coupon bearing securities having similar maturities and credit quality.
- The credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon or deferred interest bonds. Such bonds carry an additional risk in that, unlike bonds that pay interest throughout the period to maturity, the Schemes would not realise any cash until interest payment on the bonds commence and if the issuer defaults, the Schemes may not obtain any return on its investment.
- The Schemes have the power to invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Schemes will realise its investments in unlisted securities at a fair value.
- As liquidity of the Schemes' investments could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Schemes' portfolio. In view of this, the Trustee has the right, in its sole discretion to limit redemptions (including suspending redemption) under certain circumstances, as described under the section titled "Right to Limit Redemptions".
- In case the Schemes undertakes stock lending under the SEBI Regulations, the Schemes may, at times, be exposed to counter party risk. As with other modes of extensions of credit, 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 entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such

failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity.

- In case the Schemes utilizes any derivatives, under the SEBI Regulations, the Schemes may, in certain situations, be exposed to price risks.
- It is compulsory for mutual funds to dematerialise their holdings in certain notified securities / companies.
- Certain focus areas are already enjoying favourable tax treatment by Government of India. Other focus areas the Schemes may also receive favourable tax treatment. If these tax benefits are removed or amended, it is possible that the changes may have a material adverse impact on the companies' revenue and earnings.
- The Schemes may be narrowly focused among sectors and therefore, changes in a particular industry can have substantial impact on the Schemes NAV.
- As the liquidity of the Scheme's investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme's portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit redemptions under certain circumstances.
- Neither this Offer Document nor the units have been registered in any jurisdiction. The distribution of this Offer Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this Offer Document in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this Offer Document or any accompanying application form in such jurisdiction may treat this Offer Document or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.
- Investment decisions made by the Investment Manager may not always be profitable.

Investors are urged to study the terms of the offer carefully before investing in the Scheme, and to retain this Offer Document for future reference.

## II. DEFINITIONS

In this Offer Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

<b>AMC or Asset Management Company or Investment Manager or DeAM India</b>	Deutsche Asset Management (India) Private Limited, incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as Investment Manager for the Scheme(s) of Deutsche Mutual Fund.
<b>Applicable NAV</b>	The Net Asset Value applicable for purchases / redemptions / switches, based on the Business Day and relevant cut-off times on which the application is accepted at an Investor Service Centre.
<b>Business Day</b>	A day other than (1) Saturday and Sunday or (2) a day on which The Stock Exchange, Mumbai or National Stock Exchange of India Limited or Reserve Bank of India or banks in Mumbai are closed or (3) the day on which the money markets are closed / not accessible or (4) a day on which there is no RBI clearing / settlement of securities or (5) a day on which the sale and/or redemption of Units is suspended by the Trustees / AMC or (6) a book closure period as may be announced by the Trustees / AMC or (7) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes
	or such other events as the AMC may specify from time to time.
	Provided that the days when the banks in any location where the AMC's Investor Service Centres are located, are closed due to a local holiday, such days will be treated as non Business Days at such Centres for the purposes of accepting fresh subscriptions.
	However, if the Investor Service Centre in such locations are open on such local holidays, then redemption and switch requests will be accepted at those Centres, provided it is a Business Day for the Scheme on an overall basis. Notwithstanding the above, the AMC may declare any day as a Business Day by giving adequate notice to investors.
<b>CDSC</b>	Contingent Deferred Sales Charge permitted under the Regulations to be borne by the Unit Holder upon exiting (whether by way of redemption or Inter-scheme switching) based on the amount of investment (if applicable) and period of holding of Units.
<b>Custodian</b>	JP Morgan Chase Bank, Mumbai, registered under the SEBI (Custodian of Securities) Regulations, 1996, currently acting as Custodian to the Scheme(s), or any other custodian approved by the Trustees.
<b>DDs</b>	Demand Drafts
<b>DeAM Asia or Settlor</b>	Deutsche Asset Management (Asia) Limited
<b>DIHPL</b>	Deutsche India Holdings Private Limited
<b>DeAM Asia and DIHPL</b>	Shall be referred to as Sponsors or Co-Sponsors
<b>DCPOF</b>	DWS Capital Protection Oriented Fund
<b>Depository</b>	Depository as defined in the Depositories Act, 1996
<b>Designated Centres</b>	Such centres including collecting bank branches as may be designated by the AMC for subscriptions in the Scheme(s).
<b>Distributor</b>	Such persons / firms / companies / corporates as may be appointed by the AMC to distribute / sell / market the Scheme(s) of the Fund.
<b>Dividend</b>	Income distributed by a Scheme on the Units, where applicable.
<b>DTAA</b>	Double Taxation Avoidance Agreement
<b>FCNR</b>	Foreign Currency Non-Resident Accounts
<b>FII</b>	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
<b>Fund or Mutual Fund</b>	Deutsche Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 vide Registration No. MF/047/02/10 dated 28th October, 2002.
<b>New Fund Offer Period</b>	The dates on or the period during which the initial subscription to Units of the Scheme can be made subject to an extension, if any.
<b>New Fund Offer or New Fund Issue or NFO</b>	Offer for purchase of Units of the Scheme - DWS Capital Protection Oriented Fund.
<b>Investment Management Agreement or IMA</b>	The Agreement dated May 29, 2002 entered into between the Trustees of Deutsche Mutual Fund and Deutsche Asset Management (India) Private Limited as amended from time to time.
<b>Investor of record</b>	An investor of record for the purpose of dividend distributions is an investor who is a Unitholder as of the date dividend is declared. In order to be a Unitholder an investor has to be allocated Units against clear funds.

<b>Investor Service Centres or ISC</b>	Such offices as are designated as Investor Service Centres by the AMC from time to time.
<b>Local Cheque</b>	A cheque handled locally and drawn on any bank which is a member of the Banker's Clearing House located at the place where the Application Form is submitted.
<b>NAV</b>	Net Asset Value of the Units of the Scheme / Plans (including Options if any, therein) calculated in the manner provided in this Offer Document or as may be prescribed by the Regulations from time to time.
<b>NRE Account</b>	Non-Resident External Accounts
<b>NRI</b>	Non-Resident Indian or a person of Indian origin resident outside India.
<b>Offer Document</b>	This document issued by Deutsche Mutual Fund, offering Units of DWS Capital Protection Oriented Fund for subscription.
<b>Permitted Foreign Debt Securities</b>	Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with highest rating (foreign currency credit rating) by accredited/registered credit rating agencies, government securities where the countries are AAA rated, overseas mutual funds or unit trusts which invest in the aforesaid securities or are rated as mentioned above and are registered with overseas regulators.
<b>RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
<b>Redemption Load / Exit Load</b>	A charge paid by the investor when Units are redeemed (sold back to the Mutual Fund). This load may be used in whole or in part by the Asset Management Company in providing distribution related services to the Mutual Fund relating to the sales, promotion and marketing of Units of the Scheme, including payments for services in connection with the distribution of Units.
<b>Registrar</b>	Karvy Computershare Private Ltd. (KARVY), registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as Registrar to the Scheme(s) or any other registrar appointed by the AMC from time to time.
<b>Repo / Reverse Repo</b>	Sale / purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase / resell them at a later date.
<b>Repurchase / Redemption</b>	Repurchase / redemption of Units of the relevant Scheme(s).
<b>Sale / Subscription</b>	Sale / Subscription of Units of the relevant Scheme(s)
<b>Sales Load</b>	A one time charge that the investor pays at the time of entry into the Scheme. This load is used in whole or in part by the Asset Management Company in providing distribution related services to the Mutual Fund relating to the sales, promotion and marketing of Units of the Scheme, including payments for services in connection with the distribution of Units.
<b>Scheme</b>	DWS Capital Protection Oriented Fund (including, as the context permits, either the Plans / Options) collectively referred to as the Scheme and individually, as the context permits, as the Scheme.
<b>SEBI</b>	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
<b>SEBI MF Regulations 1996 or</b>	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, including by way of circulars or

<b>Regulations</b>	notifications issued by SEBI, the Government of India or RBI.
<b>Switch</b>	Sale of a Unit in one Scheme / Plan / Option against purchase of a Unit in another Scheme / Plan / Option.
<b>Switchover Fee</b>	A charge incurred to switch from one scheme to another within the same mutual fund family or to switch from one Investment Plan (i.e. Unit Class) to another within the same Scheme.
<b>The Act</b>	The Income Tax Act, 1961
<b>Trust Deed</b>	The Trust Deed dated May 29, 2002 made by and between the Sponsor and the Trustee establishing Deutsche Mutual Fund, as amended from time to time.
<b>Trust Fund</b>	Amounts settled / contributed by the Settlor towards the corpus of the Deutsche Mutual Fund and additions / accretions thereto.
<b>Trustees</b>	Deutsche Trustee Services (India) Pvt. Limited, the trustees of Deutsche Mutual Fund and approved by SEBI to act as the Trustees of the Scheme(s) of the Fund.
<b>Unit</b>	The interest of an investor which consists of one undivided share in the net assets of the relevant Scheme(s).
<b>Unitholder or Investor</b>	A holder of Units in any one or more Scheme(s) of Deutsche Mutual Fund offered under this Offer Document.

The word Sponsor wherever appearing shall be read as Sponsors.

#### Interpretation

For all purposes of this Offer Document, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this Offer Document include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.

All references to "US\$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".

### III. Summary of the Scheme

<b>Name of the Scheme</b>	DWS Capital Protection Oriented Fund
<b>Type</b>	A 3 Years Close Ended Fund
<b>Investment Objective</b>	The fund is a capital protection oriented fund that endeavors to protect the capital by investing in high quality fixed income securities and generate capital appreciation by investing in equity and equity related instruments.
<b>Benchmark</b>	CRISIL MIP Blended Index
<b>Options</b>	'Dividend' (Payout & Reinvestment) and 'Growth' options
<b>Dividend Option</b>	Under this Option dividend distribution out of income earned may be made. The Trustee reserves the right to declare dividend under the Scheme depending on the net distributable surplus available under the Option. It should, however, be noted that actual distribution of dividends and the frequency of distribution will depend, inter-alia, on the availability of distributable surplus and will be entirely at the discretion of the Trustees or any Committee authorised by them.
<b>Growth Option</b>	All Income earned and realized profit in respect of a unit issued under that will continue to remain

invested until repurchase and shall be deemed to have remain invested in the option itself which will be reflected in the NAV.

<b>Application Amount</b>	Minimum of Rs. 5,000 (Five Thousand) and in multiples of Re.1/- thereafter. During the New Fund Offer period, unitholders of other schemes of Deutsche Mutual Fund have an option to switch from the other Scheme to this Scheme, however, the switch request should be accompanied with the Application Form.
<b>Minimum Balance to be maintained</b>	Rs. 5,000 (Five Thousand only)
<b>New Fund Issue Expenses</b>	In this Scheme, the New Fund Issue Expenses will be fully borne by the AMC.
<b>Load</b>	<ul style="list-style-type: none"> <li>● <b>Entry Load</b> Pursuant to the SEBI Circular dated April 4, 2006 Entry Load cannot be charged.</li> <li>● <b>Exit Load</b> No Exit Load, as no withdrawals permitted before maturity date as per Regulations. No load on the redemption on the maturity date.</li> </ul>
<b>Investment by NRI/FII</b>	Investment by NRIs / FIIs are allowed on a full repatriation basis subject to RBI approvals if any
<b>Transparency</b>	Weekly Announcement of NAV every Wednesday and quarterly disclosure of complete portfolio through Fund's Newsletters.
<b>Liquidity</b>	As per Regulations, redemption of units is not permitted before the maturity date of the Scheme. The scheme would not be listed on any stock exchange.
<b>Duration of the Scheme</b>	The Scheme will be for a duration of 3 years from the date of allotment and the Scheme will be fully redeemed/wound up at the end of the period. However, the scheme may be liquidated any time prior to the expiration, under the following circumstances: <ul style="list-style-type: none"> <li>● On the happening of any event which, in the opinion of the Board, requires the Scheme to be wound up.</li> <li>● If seventy five per cent of the Unitholders pass a resolution that the Scheme be wound up.</li> <li>● If SEBI so directs in the interest of the Unit holders.</li> </ul>

## IV. Constitution of the Mutual Fund

### A) The Fund

Deutsche Mutual Fund ("the Mutual Fund" or "the Fund") had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated May 29, 2002. The office of the Sub-Registrar of Assurances at Mumbai has registered the Trust Deed establishing the Fund under the Registration Act, 1908. The Fund was registered with SEBI vide registration number MF/047/02/10 dated 28th October, 2002. The office of the Mutual Fund is at 222, Kodak House, Dr. D. N. Road, Mumbai-400 001. The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities / any other property for the purpose of providing facilities for participation by persons as beneficiaries in such properties / investments and in the profits / income arising therefrom as may be permitted by the regulations.

### B) The Sponsors / Co-Sponsors Deutsche Asset Management (Asia) Limited (DeAM Asia)

DeAM Asia is the Co-Sponsor for Deutsche Mutual Fund in its capacity as the Settlor of the Mutual Fund. DeAM Asia was incorporated in 1987 and is headquartered in Singapore. DeAM Asia is responsible

for marketing and sourcing new assets in the region for investments into Asia and Global range of equity and fixed interest products. DeAM Asia has an Investment Adviser License issued by the Monetary Authority of Singapore ("MAS"). It is one of the six fund managers granted the Enhanced Fund Manager status by MAS and is an Approved Fund Management Company under the Central Provident Fund Scheme.

In addition to managing the funds of Asian clients, DeAM Asia also manages and advises the Asian assets of Deutsche Asset Management's UK and Australian pension funds, the Asian portion of the Group's global emerging market portfolio's and global small company portfolios. Within the Asian region, DeAM Asia has presence in Singapore, Hong Kong, Korea, India, China and Taiwan.

Given below is a brief summary of DeAM Asia's financials:

Year ended December 31 (US\$ '000)

Description	2005 YTD September (Unaudited)	2004	2003	2002
Total Income	16,225	20,943	20,675	16,508
Profit Before Tax	(6,039)	3,080	332	1,472
Profit After Tax	(5,064)	2,766	244	1,973
Free Reserves / (Accumulated Losses)	913	6,325	5,624	5,27
Net Worth	39,743	15,887	14,815	12,992
Earnings per Share (US\$)	(0.08)	0.18	0.02	0.15
Book Value per Share (US\$) (NW / No. of Shares)	0.61	1.02	0.95	0.97
Dividend	0.00%	25.56%	0	0
Paid Up Capital (Equity)	38,830	9,562	9,191	7,716
(Preference)	-	-	-	-

### Deutsche India Holdings Private Limited (DIHPL)

DIHPL, a company incorporated under the Companies Act, 1956 having its registered office at 5th Floor, Nicholas Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, is the Co-Sponsor for Deutsche Mutual Fund by virtue of its contribution of more than 40% to the networth of Deutsche Asset Management (India) Pvt. Ltd. The company has been formed to act as a holding and investment company for the various existing and future operating subsidiaries of the Deutsche Bank group that are engaged in the financial services and back office processing services.

Given below is a brief summary of DIHPL's financials for the period ended

Description	(Rs. '000)	
	2006 January 31 (Unaudited)	2005 March 31 (Audited)
Total Income	36,344	4,049
Profit Before Tax	33,677	(562)
Profit After Tax	22,534	(1,928)
Free Reserves / (Accumulated Losses)	830,554	(1928)
Net Worth	1,297,854	330,472
Earnings per Share (Rs.)	25.96	9.94
Book Value per Share (US\$) (NW / No. of Shares)	25.96	9.94
Dividend	0.00%	0.00%
Paid Up Capital (Equity)	467,300	332,400
(Preference)	100	100

## Deutsche Asset Management

Deutsche Asset Management is a 100% owned subsidiary of Deutsche Bank AG.

Deutsche Asset Management (DeAM), the asset management division of Deutsche Bank A.G., is one of the world's foremost investment organisations. Their presence in the key major investment markets allows them to leverage the expertise of more than 360 portfolio managers and analysts across the globe. DeAM's investment teams benefit appreciably from the financial and research support of one of the world's strongest financial institutions.

As a leading global asset manager, Deutsche Asset Management offers clients a combination of services - a truly global network, a comprehensive product range, a service orientation and commitment to superior performance - together with the financial strength and resources of the Deutsche Bank Group. DeAM is dedicated to providing clients with investment solutions at all points of the risk/return spectrum, with products specifically tailored to meet individual client requirements. Strategies offered include active management in equities and fixed income both domestically and internationally. DeAM's ultimate goal is to empower clients with innovative solutions that meet their complex investment needs.

Deutsche Asset Management manages funds on behalf of a wide range of clients world-wide, including pension funds, charities and foundations, corporates and insurance companies. As at December 2005, Deutsche Asset Management had over USD 633.20 billion of assets under management.

Deutsche Asset Management captures the talents and experience of over 40 years of several key market players - most notably 'Morgan Grenfell', 'Bankers Trust' and our European Retails Fund business - 'DWS Investments'. Since 1999 it has operated under one global name of 'Deutsche Asset Management'. On 4th December, 2001 a definitive agreement to acquire the US, European (excluding Threadneedle) and Asian operations of Scudder from Zurich Financial Services was signed. The addition of Scudder expanded Deutsche Bank's US presence significantly, enhancing the ability to deliver outstanding products and services to Deutsche Bank and Scudder investors worldwide. This transaction reflects and strengthens Deutsche Bank's commitment to Asset Management as a key strategic focus.

## DWS Investments

In the year 1956 in Germany several private banks including the Deutsche Bank signed DWS Investments' contract of incorporation. DWS Investments is the retail mutual fund brand of Deutsche Bank group. With Deutsche Asset Management, DWS Investments is both the name of the issuer and branding name for retail mutual funds in Europe.

DWS Investments' has a proud heritage spanning over 50 years in Germany and over 20 years of steady growth in Europe. Today DWS Investments is the leading Mutual Fund company in Germany with Euro 110.6 bn. assets under management and a market share of 24.3% (according to BVI, November 2005). In Europe, DWS Investments is one of the top three players in the international fund market. The presence of DWS Investments covers all of Europe's most important markets. This sets DWS Investments significantly apart from its international competitors. The local DWS Investments entities are not just mere distribution centers, but rather part of a multi cultural network combining global with local know-how to develop customized investment solutions.

This worldwide expertise is two-fold. On the one hand, DWS fund management teams are based in numerous European countries so that they are as close as possible to the local market and on the other, Research and fund managers alike can exchange their knowledge on a global platform drawing on an enormous pool of resources.

## C) The Trustee Company (the Trustee)

The Settlor has appointed Deutsche Trustees Service (India) Private Limited as the Trustees of the Deutsche Mutual Fund.

### 1) The name, addresses and other details of the Board of Directors of Deutsche Trustees Service (India) Private Limited are mentioned below:

**Gunit Chadha**  
B.A., MBA IIM(A),  
Advanced Management Programme,  
Wharton School, USA  
Flat No.181, 18th Floor,  
Maker Tower Apartment  
A & B, Cuffe Parade, Mumbai - 400 005.  
CEO - Deutsche Bank, India

DWS Investments focuses on active management of a variety of securities funds. The company is convinced that independence, responsibility and flexibility in investment decisions are crucial in achieving above average investment performance.

For years, DWS Investments mutual funds have been winning performance awards from independent rating agencies. In March 2006 for the twelfth time in succession, DWS Investments won the Standard & Poor's Fund Award as the best mutual fund company in Germany. And there were similar awards in Austria, Switzerland, France, Italy, Spain, Belgium and Poland.

Since April 2002 DWS has been marketing its products right across Europe under the highly successful "DWS Investments" branding. As such DWS' customers benefit from the amalgamation of global know-how and existing infrastructure. There are already local fund management and sales teams in 10 European countries, totalling some one thousand personnel. They employ all their international expertise to enhance their customers' investment successes.

## Deutsche Bank Group

Deutsche Bank is one of the world's leading international financial service providers with roughly 63,700 employees, the bank serves customers in 74 countries worldwide: more than half of the bank's staff works outside Germany.

The Bank's home market is Europe. A strong positioning in Europe, and especially in the German market, provides the basis of the global activities.

As a modern universal bank, Deutsche Bank offers its customers a broad range of first class banking services. It provides private clients with an all round service extending from account keeping and cash and securities investment advisory to asset management. The bank offers corporate and institutional clients the full product assortment of an international corporate and investment bank - from payment processing and corporate finance to support IPO's and M & A advisory. In addition, the bank has a leading position in international foreign exchange, fixed income and equity trading.

Deutsche Bank is a European global powerhouse dedicated to excellence, constantly challenging the status quo to deliver superior solutions to its clients.

Deutsche Bank is determined to create sustainable added value for all its stakeholders, shareholders, customers, staff and society. This commitment lies at the heart of its corporate culture, which focuses on performance, together with mutual climate, expertise coupled with perseverance is the key to turning intentions into reality.

## Deutsche Bank in India

Deutsche Bank established its first branch in India in 1980. Today, Deutsche Bank operates in India through its five full-fledged branches. With a staff of over four hundred people in five cities, Deutsche Bank India has a presence in the key geographic Indian locations. Armed with its in-depth knowledge of the Indian economy and the business environment, as well as by leveraging on its international network, Deutsche Bank is well positioned to offer its clients state-of-the-art advisory services in India.

The bank has a strong presence in Corporate Banking, International Trade Finance, Global Markets, Custody Services, Global Cash Management, Corporate Trust & Agency Services, Private Wealth Management and Retail Banking. The bank presently is recognized as India's leading foreign exchange dealer, ranking among the top three in derivatives sales and is one of the top three foreign banks in GOI securities trading.

**Ayaz Hatim Ebrahim**  
*BSc (Hons) Accountancy*  
*University of East Anglia, UK*  
 21 A Branksome Grande  
 3 Tregunter Path, Hong Kong  
*Former Chief Executive Officer of*  
*HSBC Halbis Partners, AsiaPacific*

**Director**  
 Essabhoy Ebrahim (HongKong) Limited  
 The Indian Chamber of Commerce (Hong Kong)  
 Deutsche Asset Management (Hong Kong) Limited

**M. H. Kania**  
*B. A. (Hons), LL.B.*  
 6-B, SAMTA,  
 Gen. J. Bhosale Marg, Mumbai - 400 021  
*Former Chief Justice - Supreme Court of India*

**Director**

**Y. B. Desai**  
*B.A. (Hons), CAIIB*  
 901, Dheeraj Gaurav Heights,  
 Building No. 2 'A' Wing,  
 At Link Road, Andheri (West),  
 Mumbai - 400 053  
*Former Managing Director - Export Import Bank of India*

**Director**  
 Dishman Pharmaceutical & Chemicals Ltd.  
 LIC Housing Finance Company Ltd.  
 Kabra Extrusion Teknik Ltd.

**A. S. Mitra**  
*B.A., A.C.I.I. (London)*  
 D5, Silver Valley No. 2,  
 Shivaji Maharaj Road, Vakola,  
 Santacruz (E), Mumbai - 400 055  
*Former Chairman & Managing Director -*  
*New India Assurance Company*

**Director**  
 Avery India Ltd. (Chairman - Non Executive)

**Debabrata Bhadury**  
*B.A. (Economics Hons.),*  
*Postgraduate Management Diploma*  
 9A Belvedere Court, Sane Guruji Marg,  
 Mumbai - 400 011  
*Former Managing Director &*  
*Vice Chairman - Hoechst Marion Roussel Ltd.*

**Director**  
 USV Ltd., Mumbai

Mr. Ayaz Ebrahim and Mr. Gunit Chadha are associated with the Sponsors.

Mr. M. H. Kania, Mr. Y. B. Desai, Mr. A. S. Mitra and Mr. Debabrata Bhadury, are independent trustees. Thus, 4 out of the 6 trustees are independent trustees.

## 2) Rights, Duties & Responsibilities of the Trustee and the material provisions of the Trust Deed

- The Rights, Duties and Responsibilities of the Trustee shall be consistent with the Regulations and the Trust Deed. The Trustee shall discharge such duties and responsibilities as provided in the Regulations and the Trust Deed. The duties and responsibilities of the Trustee and the material provisions of the Trust Deed, *inter alia*, are as under:
  - The Trustee has exclusive ownership of the Trust Fund and holds the same in trust and for the benefit of Unit Holders.
  - The Trustee reserves the right to declare dividend under the Scheme depending on the net distributable surplus available under the Option. It should, however, be noted that actual distribution of dividends and the frequency of distribution will depend, *inter alia*, on the availability of distributable surplus and will be entirely at the discretion of the Trustee.
  - The Trustee shall ensure before the launch of any Scheme that the Asset Management Company has a) systems in place for its back office, dealing room and accounting; b) appointed all key personnel including fund manager(s) for the Scheme and submitted to the Trustee their resume containing particulars of their educational qualifications and past experience in the securities market within fifteen days of their appointment; c) appointed auditors to audit the accounts of the Scheme; d) appointed a compliance officer who shall be responsible for monitoring the compliance of the SEBI Act, rules and regulations, notifications, guidelines, instructions etc. issued by SEBI or the Central Government and for redressal of investors' grievances; e) appointed registrars and laid down parameters for their supervision; f) prepared a compliance manual and designed internal control mechanisms including internal audit systems; and g) specified norms for empanelment of brokers and marketing agents. The Trustee shall ensure that the transactions concerning the Fund are in accordance with the Trust Deed and the Regulations.
  - The Trustee shall not be liable to the Mutual Fund or the Unitholders, if the Mutual Fund suffers a decline in its net asset value or if any share or other security comprised in the Trust Fund depreciates in its market value or fails to achieve any increase therein, unless such decline, depreciation or failure is caused by the willful default or gross negligence of the Trustee.
- The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered to be done by the Trustee in good faith, bona fide and after due diligence and care, in accordance with or on the advice of the AMC or any other professional person, firm or company.
- For avoidance of doubt, it is hereby agreed and declared that references to the Trustee in this clause shall be deemed to include references to the officers, servants and delegates of the Trustee.
- The Trustee shall ensure that the Fund and the schemes floated thereunder and managed by the AMC are in accordance with the Trust Deed and the Regulations, directions and guidelines issued by SEBI, the Stock Exchanges and other regulatory agencies.
- The Trustee shall ensure that the transactions concerning the Fund are in accordance with the Trust Deed and the Regulations.
- The Trustee shall ensure that the investment of the Trust Fund and Unit Capital of each scheme is made only in the permitted securities and within limits prescribed by the Trust Deed, the Regulations, and the offer document of the concerned scheme.
- The Trustee shall hold in safe custody and preserve the properties of the Fund and the various schemes of the Fund.
- The Trustee shall ensure that the income due to be paid to the Scheme is collected and properly accounted for and shall claim any repayment of tax and holding any income received in trust for the holders in accordance with the Trust Deed and the Regulations.
- The Trustee shall not acquire or allow the Asset Management Company to acquire any asset out of Trust Fund, which involves assumption of unlimited liability or results in encumbrance of Trust Fund.
- The Trustee shall be bound to make such disclosures to the Unit Holders as are essential in order to keep them informed about any information, which may have an adverse bearing on their investments.
- The Trustee shall provide or cause to provide such information to Unit Holders and SEBI, as may be specified by SEBI from time to time.
- The Trustee shall act in the best interest of Unit Holders.

- The Trustee, in carrying out its responsibilities under the Trust Deed and Regulations, shall maintain arm's length relationship with other companies, institutions or financial intermediaries or any body corporate with which it is associated.
- A Director of the Trustee shall not participate in the meetings of the Trustee or in any decision making process in respect of any investments for the Fund in which he may be interested.
- The Trustee shall abide by the code of conduct specified in the Regulations.
- The Trustee may amend the Trust Deed with the prior approval of SEBI and the Unit Holders where it affects the interest of Unit Holders.
- The Trustee may, subject to the Regulations, prescribe such terms and make such rules for the purpose of giving effect to the provisions of the Scheme with power to the Investment Manager to add to, alter or amend all or any of the terms and rules that may be framed from time to time. However, the Trustee may alter / modify / change in the Fundamental Attributes of the Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme or affect the interest of the Unit Holders, in accordance with the applicable Regulations from time to time.
- The Trustee will call for a meeting of the Unit Holders of the Scheme, as required by the Regulations for the time being in force, whenever it is required by SEBI to do so in the interest of the Unit Holders, or if the Trustee determines to modify the Scheme or prematurely redeem the Units or wind up the Scheme.
- If any difficulty arises in giving effect to the provisions of this Scheme, the Trustee may do anything not inconsistent with such provisions, subject to the Regulations, which appear to be necessary, desirable or expedient, for the purpose of removing such difficulty.
- In addition to the duties and responsibilities provided in the Regulations, the material provisions of SEBI (Mutual Funds) (Amendment) Regulations, 1999 provide how the Trustee shall exercise due diligence and are as under.

The Trustee shall exercise General Due Diligence in the following manner:

- The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
- The Trustee shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- The Trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
- The Trustee shall arrange for test checks of service contracts.
- The Trustee shall immediately report to the Board of any special developments in the Fund.

The Trustee shall exercise Specific Due Diligence in the following manner:

- Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee.
- Obtain compliance certificates at regular intervals from the AMC.
- Hold meeting of Trustee more frequently.
- Consider the reports of the independent auditor and compliance reports of AMC at the meetings of Trustees for appropriate action.
- Maintain records of the decisions of the Trustee at their meetings and of the minutes of the meetings.
- Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel.
- Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
- Notwithstanding the aforesaid, the Trustee shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- The Independent Directors of the Trustee or AMC shall pay

specific attention to the following, as may be applicable, namely :

- The Investment Management Agreement and the compensation paid under the agreement.
- Service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
- Selection of the AMC's independent directors.
- Securities transactions involving affiliates to the extent such transactions are permitted.
- Selecting and nominating individuals to fill independent directors vacancies.
- Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
- The reasonableness of fees paid to Sponsors, AMC and any others for services provided.
- Principal underwriting contracts and their renewals.
- Any service contract with the associates of the AMC.
- Notwithstanding anything contained in sub-regulations (1) to (25) of regulation 18 of the Regulations, the Trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- The Regulations provide that the meetings of the Trustees shall be held at least once in every 2 months and at least 6 such meetings will be held every year. Further, as per the Regulations, for the purposes of constituting the quorum for the meetings of the Trustees, at least one Independent Trustee or Director should be present during such meetings.

The supervisory role of the Trustees will be discharged by reviewing the information and the operations of the Fund based on the report submitted at the meetings of the Trustees, by reviewing the reports submitted by the Internal Auditor and the bi-monthly and half yearly compliance reports. The Trustees will also conduct a detailed review of half-yearly and annual accounts of the Scheme of the Fund and discuss the matters arising there from with the Statutory Auditors of the Scheme of the Fund.

No amendment to the Trust Deed shall be carried out without prior approval of SEBI and Unitholders' approval / consent will be obtained where it affects the interests of Unitholders as per the procedure / provisions laid down in the Regulations.

The Trustees may require or give verification of identity or other details regarding any subscription or related information from / of the Unitholders as may be required under any law, which may result in delay in dealing with the applications, Units, benefits, distribution, etc.

### 3) Trusteeship Fees

Pursuant to the Trust Deed constituting the Fund, the Fund is authorised to pay Deutsche Trustee Services (India) Private Limited a fee for their services in such capacity or such other sum as may be mutually agreed between the Sponsor and the Board of Trustees from time to time, subject to the SEBI Regulations. It has been decided to charge the Trusteeship fees in proportion to the net assets of each of the schemes of the fund. Trustee fees will be charged at 0.01% of the assets of the scheme.

### 4) Meetings held during the last financial year

The board of directors of the trustee company met on 6 occasions in the financial year 2005-2006.

## D) The Asset Management Company ("AMC")

### 1) Constitution

Deutsche Asset Management (India) Pvt. Ltd. (DeAM India) has been appointed the Asset Management Company of the Mutual Fund by the Trustees. The Asset Management Company is a private limited company incorporated under the Companies Act, 1956 on March 21, 2002. Pursuant to an internal restructuring, Deutsche India Holdings Private Limited holds 75% of the paid up equity capital of the Company (held earlier by DeAM Asia) and the balance 25% is held by United Associates Holdings India Private Limited. United Associates Holdings India Private Limited is an Investment and Financial Services company incorporated in India under the Companies Act, 1956. The head office and the registered office of the DeAM India is 2nd Floor, 222, Kodak House, Dr. D. N. Road, Fort, Mumbai - 400 001, India. The Asset Management Company was approved to act as the Asset Management Company for the Mutual Fund by SEBI on October 29, 2002.

The Mutual Fund has entered into an Investment Management Agreement with the Asset Management Company dated May 29, 2002 pursuant to which the Asset Management Company will act as investment manager of the Mutual Fund's assets.

Besides the offering and management of collective investment schemes, the Asset Management Company may undertake activities in the nature of management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds and financial consultancy and exchange of research on a commercial basis.

The AMC will manage the Scheme(s) of the Fund, including those mentioned in this Offer Document, in accordance with the provisions

of IMA, the Trust Deed, the SEBI Regulations and the objectives of each of the Scheme(s).

In accordance with the SEBI Regulations, an asset management company, subject to certain conditions, is also permitted to undertake activities in the nature of portfolio management services, management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis and such other activities as may be permitted, by SEBI, from time to time. Subject to these activities being assessed as desirable and economically viable, the AMC may undertake any or all of these activities after satisfying itself that there is no potential conflict of interest.

## 2) Board of Directors of the AMC

### Vijai Mantri

AMP (ISB) Hyderabad  
ACA, B.Com.

82, Tower 'A', Kalpataru Habitat,  
Dr. S. S. Rao Marg, Parel,  
Mumbai 400 012

Chief Executive Officer of  
Deutsche Asset Management (India) Private Limited

### Director

None

### Kersi M. Gherda

B.Com., ACS, ACA, FCS (England & Wales)

9 A, Sterling Apartments,  
38, Peddar Road, Mumbai - 400 026

Chairman - Kotak Mahindra Bank Ltd.  
Former Vice Chairman and Managing Director -  
Tata Electric Companies.

### Director

Aerospace Systems Pvt. Ltd.  
Emerson Network Power India Pvt. Ltd.  
Kotak Mahindra Bank Ltd.  
Kotak Mahindra Private Equity Trustee Ltd.  
KM Dastur Reinsurance Brokers Pvt. Ltd.  
Nelito Systems Ltd.  
Pallonji Leasing Pvt. Ltd.  
Tata Ceramics Ltd.  
Universal Ferro & Allied Chemicals Ltd.  
WTI Advanced Technology Ltd.  
Yashmun Engineers Ltd.  
Zenta India Pvt. Ltd.

### Vijay P. Gokhale

B.Sc., B.Sc.(Eng), London, DLC Hons (Mech.Engg.)

12, Usha Kiran, M. L. Dahanukar Marg,  
Mumbai - 400 026

Former Chairman and Managing Director  
- Union Carbide India Ltd.

### Director

Carrier Aircon Ltd.  
Fosters India Ltd.  
Franke India Pvt. Ltd.  
Krishvidur Services Pvt. Ltd.  
Sunline Industries Ltd.  
TQM International Pvt. Ltd.  
T4T Consultants Pvt. Ltd.  
Vista Technical Services Pvt. Ltd.

### Stephen Paul Harris

C.A., Institute of Chartered Accountants of  
Scotland, Glasgow University

42B Tower, 2 Dynasty Court,  
23 Old Peak Road, Hong Kong

Director & CEO, Deutsche Asset Management (Asia) Limited

### Director

Deutsche Asset Management (Hong Kong) Limited  
Deutsche Asset Management (Japan) Limited  
Deutsche Asia Pacific Holdings Private Limited  
DMG & Partners Securities Pte Ltd.  
Deutsche Regis Partners Inc., Philippines

### Bhalchandra Mahadev Bhide

C.A.I.I.B., Post Graduate Diploma in Systems  
Management, University of Bombay

A-3, 'Bageshree', Shankar Ghanekar Marg,  
Prabhadevi, Mumbai - 400 025

Former Non Executive Chairman of SBI Commercial and  
International Bank Ltd.

### Director

UCO Bank

- Mr. Stephen Harris and Mr. Vijai Mantri are Associate Directors.
- Mr. Kersi M. Gherda, Mr. Bhalchandra Mahadev Bhide and Mr. Vijay P. Gokhale are Independent Directors.
- Thus 3 out of the 5 directors are Independent Directors.

## 3) Powers, Duties and Responsibilities of the AMC

The powers, duties and responsibilities of the AMC shall be governed by the Regulations and the Investment Management Agreement. The AMC, in the course of managing the affairs of the Mutual Fund, has the powers, *inter alia* for:

### Powers :

- Floating Scheme(s) of the Mutual Fund after approval of the same by the Trustees and investing and managing the funds mobilised under various Scheme(s), in accordance with the provisions of the Trust Deed and the Regulations.
- Evaluating investment opportunities for further investments by the Mutual Fund.
- Evaluating and issuing orders and instructions with respect to the acquisition and disposition of investments and risk positions / exposures.

- Issuing and ensuring due compliance of instructions to the custodian and the Mutual Fund's brokers, agents including registrars and transfer agents.
- Issuing, selling, repurchasing and cancelling the Units as per the terms of the respective Scheme(s) of the Mutual Fund.
- Managing the Mutual Fund Scheme(s) independently of other activities and taking adequate steps to ensure that the interests of Unitholders are not being compromised with those of any other Scheme(s) or any of its other activities.
- Opening and operating bank accounts in the name and on behalf of each scheme in relation to the investments made by the Mutual Fund.
- Fixing record dates or book closure periods for the purpose of effecting transfer of Units and determining eligibility for dividends, bonus, rights, privileges, preferences, reservations or other entitlements or accretions.

- Providing information to SEBI and the Unitholders as required under the Regulations or as otherwise required by SEBI.
- Receiving, holding in trust, or as agent or nominee of the Trustees, improving, developing, using, selling, transferring, exchanging, assigning, dealing, trading in and managing all assets and all accretions thereto and endeavouring to earn adequate returns on them for and on behalf of the Trust.
- Fixing sales and re-purchase prices, and calculating Net Asset Value for Units, consistent with the Regulations.
- Setting up an effective establishment for servicing of Unitholders under the various Scheme(s) and also to protect the interest of the Unitholders.
- Generally doing all acts, deeds, matters and things which are necessary for any object, purpose or in relation to the Mutual Fund in any manner or in relation to any scheme of the Mutual Fund.

#### **Duties and Responsibilities:**

- The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the SEBI Regulations, and the Trust Deed.
- The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
- The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
- The AMC shall submit to the Trustees quarterly reports of each year on its activities and the compliance with the SEBI Regulations.
- The Trustees at the request of the AMC may terminate the assignment of the AMC at any time provided that such termination shall become effective only after the Trustees have accepted the termination of assignment and communicated their decision in writing to the AMC.
- Notwithstanding anything contained in any contract or agreement of termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omissions, while holding such position or office.
- The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sales of securities made by a mutual fund in all its Scheme(s). Provided that for these purposes, aggregate purchase and sale of securities shall exclude sale and distribution of Units issued by the Mutual Fund. Provided further that the aforesaid limit of 5% shall apply for a block of any 3 months.
- The AMC shall not purchase or sell securities through any broker (other than a broker not associated with the sponsor) which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its Scheme(s), unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the Trustees of such mutual fund on a quarterly basis. Provided that the aforesaid limit shall apply for a block of 3 months.
- The AMC shall not utilize the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities' transactions and distribution and sale of securities, provided that the AMC may utilise such services if disclosure to that effect is made to the Unitholders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the Mutual Fund.
- The AMC shall file with the Trustees the details of transactions in securities by key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.
- In case the AMC enters into any securities' transaction with any of its associates a report to that effect shall be sent to the Trustees at their next meeting.
- In case any company has invested more than 5% of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the Trustees by the AMC and be disclosed in the half yearly / annual accounts of the respective Scheme(s) with justification for such investment provided that the latter investment has been made within 1 year

of the date of the former investment calculated on either side.

- The AMC shall file with the Trustees and SEBI
  - Detailed bio-data of all its directors along with their interest in other companies within 15 days of their appointment; and any change in the interest of directors every 6 months.
  - A quarterly report to the Trustees giving details and adequate justification about the purchase and sale of securities of the group companies of the Sponsor or the AMC as the case may be, by the Mutual Fund during the quarter.
- Each director of the Asset Management Company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by SEBI from time to time.
- The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
- The AMC shall appoint registrars and share transfer agents who are registered with SEBI. Provided if the work relating to the transfer of Units is processed in-house, the charges at competitive market rates may be debited to the Scheme and for rates higher than the competitive market rates, prior approval of the Trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
- The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI Regulations.
- The AMC shall:
  - Not act as a trustee of any mutual fund
  - Not undertake any other business activities except activities in the nature of portfolio management services, management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the mutual fund without the prior approval of the Trustees and SEBI. Provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies SEBI that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exists systems to prohibit access to inside information of various activities. Provided further that the AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations;
  - Not invest in any of its Scheme(s) unless full disclosure of its intention to invest has been made in the offer documents.
  - Not be entitled to charge any fees on its investment in that scheme.
  - Not acquire any of the assets out of the Trust Funds, which involves the assumption of any liability which is unlimited or which may result in encumbrance of the scheme property in any way.
  - Not be liable to the Trustee for any error of judgment or mistake of law or for any loss suffered in connection with the subject matter of the IMA, unless such error of judgment or mistake constitutes or such loss is caused by any acts of commission or omission or by fraud or willful default or gross negligence of the AMC or any of its agents or delegates. Without prejudice of the generality of the foregoing, in particular (but without limitation) the AMC shall not be liable to the Mutual Fund for any loss which may be sustained in the purchase, holding or sale of any investments or other assets by the mutual fund or on any of its assets as a result of loss, delay, misdelivery or error in transmission of cabled, telexed, telecopied, facsimiled, telegraphic or other communication unless such loss arose by any acts of commission or omission or from fraud, bad faith, willful default or gross negligence in the performance or non-performance of its duties as mentioned in the IMA.
  - Not be liable to the Trustee in the event that the Mutual Fund suffers a decline in its net asset value or fails to achieve any increase therein unless such decline or failure is caused by any acts of commission or omission or by the default or negligence of the AMC, a bona fide error of judgment not being regarded as default or negligence nor as an act of commission or omission.

- The independent directors of the AMC shall pay specific attention to the following as may be applicable, namely:
  - The Investment Management Agreement and the compensation paid under the agreement.
  - Service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
  - Securities transactions involving affiliates to the extent such transactions are permitted.
- Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
- The reasonableness of fees paid to sponsors, Asset Management Company and any others for services provided.
- Principal underwriting contracts and renewals.
- Any service contracts with the associates of the AMC.

#### 4) Key Employees of the AMC and relevant experience

Name & Age	Designation	Qualification	Experience
Vijai Mantri 39 Years	Chief Executive Officer	<ul style="list-style-type: none"> <li>• AMP (ISB) - Hyderabad</li> <li>• ACA</li> <li>• B. Com.</li> </ul>	<p><b>Over 14 years of experience</b></p> <ul style="list-style-type: none"> <li>• HDFC Asset Management Company Limited (Vice President – Sales &amp; distribution) in charge of sales and distribution of HDFC Mutual Fund products, June 2000 to December 2006.</li> <li>• Aditya Birla Group as Group Manager and Assistant Vice President, February 1993 to June 2000</li> </ul>
Suresh Soni 36 Years	Director & Head - Fixed Income	<ul style="list-style-type: none"> <li>• B. Sc.</li> <li>• ACA</li> <li>• Grad CWA</li> </ul>	<p><b>Over 14 years of experience</b></p> <ul style="list-style-type: none"> <li>• Deutsche Asset Management (India) Private Limited, Head, Fixed Income (Oct. 2002 to present)</li> <li>• Pioneer ITI AMC Limited, Fund Manager and Vice President (April 2000 till Sept. 2002)</li> <li>• Sundaram Newton AMC Limited, Fund Manager, (Sept. 96 to March 2000)</li> <li>• SBI Funds Management Limited, Scheme-in-Charge, (Feb. 1993 till Sept. 1996)</li> <li>• Godrej Soaps Limited, Industrial Trainee (1991-1992)</li> <li>• Shah and Company, Article Trainee (1989-1991)</li> </ul>
Jignesh Barasara 34 Years	Fund Manager	<ul style="list-style-type: none"> <li>• MBA</li> <li>• B.Sc.</li> </ul>	<p><b>Over 10 years of experience</b></p> <ul style="list-style-type: none"> <li>• Deutsche Asset Management (India) Private Limited (FM-FI from Jan. 04 to present)</li> <li>• Deutsche Asset Management (India) Private Limited (Asst. FM-FI from Oct 02 to December 03)</li> <li>• HDFC Bank - Fixed Income Trader (Period - October 1998 till Sept. 2002)</li> <li>• Bank of America - Retail Assets (Period - 1994 - 1996)</li> </ul>
Ajay Arora 40 Years	Head - Sales & Marketing	<ul style="list-style-type: none"> <li>• B.Com.</li> <li>• ACA</li> <li>• ACS</li> </ul>	<p><b>Over 11 years of experience</b></p> <ul style="list-style-type: none"> <li>• Deutsche Asset Management (India) Private Limited Head - Sales &amp; Marketing (from June 04 to present)</li> <li>• ILFS Investmart India - Head- Equity Sales (Dec.1998 to June 2004)</li> <li>• JM Morgan Stanley - AVP &amp; Head Eastern Region (from July 1997 to Nov.1998)</li> <li>• Kotak Mahindra Finance (from June 1994 to June 1997)</li> <li>• S. R. Batliboi &amp; Co. (from June 1993 to April 1994)</li> </ul>
Murali Ramasubramanian 35 Years	Head - Operations	<ul style="list-style-type: none"> <li>• B. Com.</li> <li>• LL.B.</li> </ul>	<p><b>Over 11 years of experience</b></p> <ul style="list-style-type: none"> <li>• Deutsche Asset Management (India) Pvt. Limited - Head - Operations (March 2003 to present)</li> <li>• Alliance Capital Asset Management (India) Pvt. Ltd. Asst. Vice President - Operations (Sept. 1998 to March 2003)</li> <li>• Birla Asset Management (India) Pvt. Ltd. - Executive - Operations (November 1996 to August 1998)</li> <li>• Datamatics Financial Services Pvt. Ltd. - Sr. Officer (September 1993 to September 1996)</li> </ul>
Hemanti Wadhwa 31 Years	Compliance Officer & Company Secretary	<ul style="list-style-type: none"> <li>• M. Com</li> <li>• L.L. B</li> <li>• ACS</li> </ul>	<p><b>Over 8 years experience</b></p> <p>Over 8 years of work experience in securities market out of which last 3½ years are towards Mutual Fund Industry in secretarial, legal &amp; compliance activities.</p> <ul style="list-style-type: none"> <li>• Deutsche Asset Management (India) Private Limited (Asst. Vice President - till date)</li> <li>• SBI Funds Management Private Limited (Aug 2005 to June 2006)</li> <li>• HDFC Asset Management Co. Ltd. (Feb 2005 to Aug 2005)</li> <li>• Kotak Mahindra Asset Management Co. Ltd. (April 2003 to Feb 2005)</li> <li>• M/s. Aneja Associates, Chartered Accountants (Oct 98 to Feb 2003)</li> </ul>

## 5) Fund Manager

DWS Capital Protection Oriented Fund will be managed by Mr. Suresh Soni.

### Brief Profile of Suresh Soni :

Mr. Suresh Soni, who is a Chartered Accountant and Cost Accountant, has around 14 years of experience in the Mutual Fund Industry. He started his career with SBI Mutual Fund in 1993 where he was involved in research and fund Management. He later managed Fixed Income funds for around 4 years (Aug - 1996 - Mar-2000) with Sundaram Newton AMC Ltd. Prior to joining Deutsche Asset Management, he was Vice-President and Fund Manager-fixed Income at Pioneer ITI AMC Ltd. from April-2000 to Sept-2002. He was responsible for managing 8 Fixed Income Schemes including liquid schemes with approximately Rs. 3,500 crores of Assets under Management. Funds Managed by Mr. Suresh Soni have won several awards for performance during the last 5 years. Mr. Soni has also managed equity schemes in the past.

### Achievements:

- The Bond Funds managed by Mr. Suresh Soni have won awards for their performance.
- Mr. Suresh Soni won prestigious Debt Fund Manager of the year award by Business Standard in the year 2005.
- Pioneer ITI Monthly Income Plan (MIP) won the best MIP award for the year in January 2002.
- Templeton India Treasury Management Account ( formerly Kothari Pioneer Treasury Management Account ) won the Best Fund Award for one year performance in January 2002 (CRISIL).
- Sundaram Bond Saver fund won the best debt fund of the year award for period April 99 to March 2000 by Economic Times / Standard & Poor.

## 6) Compliance Officer

Ms. Hemanti Wadhwa  
Deutsche Asset Management (India) Private Limited  
2nd Floor, 222, Kodak House,  
Dr. D. N. Road, Fort, Mumbai - 400 001

## 7) Investors Relations Officer

Mr. Murali Ramasubramanian  
Head - Operations  
Deutsche Asset Management (India) Private Limited  
2nd Floor, 222, Kodak House,  
Dr. D. N. Road, Fort, Mumbai - 400 001

## E) Auditors & Tax Advisors

Price Waterhouse, Chartered Accountants, 252, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai - 400 028 have been appointed as Auditors for the Scheme offered under this Offer Document. The Trustees also have appointed them as Tax Advisors. The Trustees have the right to change the Auditors.

## F) Registrar

Karvy Computershare Private Ltd. (KARVY), 46, Road No. 4, Street No. 1, Banjara Hills, Hyderabad 500 034 have been appointed as Registrars and Transfer Agents for the Scheme. The Registrar is registered with SEBI under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 vide registration number INR000000221. As Registrars to the Scheme, KARVY will handle communications with investors, perform data entry services and despatch account statements. The AMC and the Trustees have satisfied themselves that the Registrars have adequate capacity to discharge responsibilities with regard to processing of applications and despatching account statements to Unitholders within the time limit prescribed in the Regulations and also sufficient capacity to handle investor complaints.

## G) Custodian

JP Morgan Chase Bank, Mafatal Centre, 9th Floor, Nariman Point, Mumbai 400 021, India has been appointed as Custodian of the Scheme mentioned in the Offer Document. The Custodian has been registered with SEBI under the SEBI (Custodians of Securities) Regulations, 1996, and has been awarded registration number IN/CUS/014 dated November 10, 1998. The Mutual Fund has entered into a Custodian Service Agreement dated November 01, 2002, with the Custodian and the salient features of the said Agreement are to:

- Provide post-trading and custodial services to the Mutual Fund
- Ensure benefits due on the holdings are received
- Provide detailed management information and other reports as required by the AMC
- Maintain confidentiality of the transactions
- Be responsible for the loss or damage to the assets belonging to the Scheme(s) due to negligence on its part or on the part of its approved agents
- Segregate assets of each Scheme

The Custodian shall not assign, transfer, hypothecate, pledge, lend, use or otherwise dispose any assets or property, except pursuant to instruction from the Trustees / AMC or under the express provisions of the Custodian Service Agreement. The Custodian may appoint subcustodian(s) for safe keeping of the assets of the Scheme in any country where the Scheme decides to invest.

The Custodian will be entitled to remuneration for its services in accordance with the terms of the Custodian Service Agreement. The Trustees have the right to change the Custodian, if necessary.

## H) Collecting Banker

The Collecting Bankers to the New Fund Offer will be Standard Chartered Bank Limited (SEBI registration No. INBI00000063) and/or such other banks registered with SEBI as Collecting Bankers as may be decided by the AMC from time to time.

Application for the New Fund Offer will be accepted at the Collection centres / ISCs as may be designated by the AMC from time to time. The AMC may from time to time appoint such other banks registered with SEBI as collecting bankers.

## V. Investment Objectives & Policies, Investment Pattern & Risk Profile and Limitations of the Scheme

### A) Investment Objectives, Investment Pattern & Risk Profile

#### 1. Investment Objectives

DWS Capital Protection Oriented Fund is a 3 years close-ended fund. The fund is a capital protection oriented fund that endeavors to protect the capital by investing in high quality fixed income securities and generate capital appreciation by investing in equity and equity related instruments.

However, there can be no assurance that the investment objectives of the Scheme launched will be realized. The Scheme does not guarantee/indicate any returns.

#### 2. Investment Pattern

The Fund will primarily in a diversified portfolio of debt and money market securities from time to time, usually maturing in line with the time profile of the fund. The fund has an option to invest upto 25% in Equity / Equity related instruments. While the fixed Income securities provide steady and consistent return, the equity component enhances the return of the total portfolio to offer a potentially higher return to the investors. The scheme does not guarantee any returns and there is no assurance that the investment objectives of the Scheme will be achieved.

Under normal circumstances, the asset allocation of the Scheme will be as under: -

Asset Class	Normal Allocation (% of Corpus)	Risk Profile**
Domestic Debt Instruments including Government Securities, & Money Market Instruments and Securitised Debt*.	75-100%	Low to Medium
Equity and Equity related instruments	0-25%	Medium to High

\* Investment in Securitised Debt would be up to a maximum of 70% of the net assets of the scheme. The securitised Debt investments shall be in accordance with the guideline laid down by CRISIL.

The Scheme will invest in derivatives only for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines and the exposure to derivatives shall be restricted to 50% of the net assets of the scheme.

\*\* Risk profile refers to the price risk of the respective asset class. Please refer risk factors for more details.

The Scheme will not invest in foreign securities and foreign securitized debt.

Also the scheme will not engage in scrip lending.

The Scheme will invest primarily in debt and money market instruments and may invest a small portion in equity/equity related instruments. The Fund retains the flexibility to invest across all the securities in the debt and money markets. From time to time it is possible that the fund may hold cash.

Money Market Instruments and debt securities will include but will not be limited to:-

- 1) Corporate debt (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips etc.
- 2) Government of India Securities, State Government Bonds, Government Guaranteed Bonds, Public Sector Bonds and Financial Institution & Banking Sector Bonds.
- 3) Securitised Debt (Indian) up to 70% of the net assets of the scheme.
- 4) Discounted Trade Bills
- 5) Pass through, Pay through or other participation certificates representing interest in a pool of assets including receivables.
- 6) Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- 7) Securities guaranteed by the Central and State Governments

(including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).

- 8) Debt instruments of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- 9) Money market instruments permitted by SEBI, having maturities of up to one year, in call money market or in alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements.
- 10) Certificate of Deposits (CDs).
- 11) Commercial Paper (CPs).
- 12) The non-convertible part of convertible securities.
- 13) Any other domestic fixed income securities like Call Money/Repo/ CBLO.
- 14) Derivative instruments like Interest Rate Swaps/Futures, or other derivative instruments, permitted by SEBI, for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines.
- 15) Any other like instruments as may be permitted by SEBI/RBI from time to time.

The securities mentioned above could be fixed rate or floating rate coupon bearing instruments.

The above is only indicative and the Board of Trustees reserves the right to change the above pattern in the interest of the investors depending on the market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unitholders. No prior intimation/ indication would be given to investors when the composition/ asset allocations pattern under the scheme change. The Scheme may review the above pattern of investments based on views of the markets and asset liability management needs. However, at all times the portfolio will adhere to the overall investment objective of the Scheme. Investors may note that securities that provide higher returns typically display higher volatility.

The Scheme could invest in Fixed/Floating rate Securities issued by government, quasi government entities, corporate issuers, structured notes and multilateral agencies. The securities mentioned above could be listed or unlisted, privately placed, secured or unsecured, rated or un-rated and of any maturity, as enabled under SEBI Regulations/ circulars/ RBI. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals. The Scheme may invest the funds of the Scheme in short-term deposits of scheduled commercial banks pending deployment. The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

The Scheme may invest in other debt Schemes managed by the AMC or in the debt Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter Scheme investment made by all Schemes of Deutsche Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset value of Deutsche Mutual Fund.

For the present, the Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so after complying with the Regulations and with the requisite approval of the Board of the AMC / Trustee.

#### Securitisation - Concept

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific Receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (e.g., promissory notes, pass through certificates or other debt instruments) to investors, such instruments evidencing the beneficial ownership of the investors in the Receivables. The financial instruments are rated by an independent credit rating agency. An Investor's Agent is normally appointed for providing trusteeship services for the transaction.

On the recommendation of the credit rating agency, additional credit support (Credit Enhancement) may be provided in order that the instrument may receive the desired level of rating. Typically the servicing of the Receivables is continued by the seller in the capacity of the Servicer. Cash flows, as and when they are received, are passed onto the investors.

#### Features of securitisation transactions include:

- Absolute true sale of assets to an SPV (with defined purposes and activities) in trust for the investors;
- Reliance by the investors on the performance of the assets for repayment - rather than the credit of the Originator (the seller) or the Issuer (the SPV);
- Consequent to the above, "Bankruptcy Remoteness" from the Originator;
- Support for timely payments, inter-alia, in the form of suitable credit enhancements, if required;
- Securitised debt paper usually achieves a high investment grade credit rating;
- There is a diversification of economic risks as credit risk is spread over a diversified group of obligors.

#### Generally available Asset Classes for securitisation in India

- Commercial Vehicles
- Auto and Two wheeler pools
- Mortgage pools (residential housing loans)
- Personal Loan, credit card and other retail loans
- Corporate loans/receivables

The fund may invest in various type of securitisation issuances as contained in the above table, including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, Personal Loan Backed Securitisation, Collateralized Loan Obligation/Collateralized Bond Obligation and so on.

#### 3. Investment Strategy

The fund management team will endeavour to meet the investment objective while maintaining a balance between safety and return on investments. Under normal market conditions, the Scheme will be managed so as to maintain a rupee weighted average portfolio maturity of the scheme approximate to the maturity, (or a Put Option with the investor) within 30 days prior to the date of the scheme's redemption. In no circumstances the scheme shall invest in fixed income securities with maturities beyond the scheme's redemption date. While selecting fixed income securities for the debt portfolio, as far as possible, the scheme shall invest in securities with a one time bullet payments of principal at maturity to minimize reinvestment risks. The scheme shall not invest in securities with early call options.

75% to 100% of the net assets would be invested in debt securities and money market instruments and 0% to 25% of net assets would be invested in equities and equity linked instruments.

Investments in debt instruments carry various risks like interest rate risk, currency risk, liquidity risk, default risk, reinvestment risk etc. While they cannot be done away with, they can be minimized by diversification and effective use of hedging techniques.

This innovation on issuance, trading, settlement and risk management side will considerably enhance the depth and the width of the Indian debt markets and bring it at par with developed markets.

The fund will be predominantly invested in debt and money market securities; however depending on the views on the equity markets, the Fund Managers may at their discretion decide to invest in equity instruments to enhance the overall return of the portfolio. The Investment Manager will allocate the assets of the Scheme between equity and/or fixed income securities.

The Fund will primarily invest in a diversified portfolio of debt and money market securities from time to time. The fund has an option to invest upto 25% in Equity / Equity related instruments. While the fixed Income securities provide steady and consistent return, the equity component enhances the return of the total portfolio to offer a potentially higher return to the investors. The scheme does not guarantee any returns and there is no assurance that the investment objectives of the Scheme will be achieved.

A top down and bottom up approach would be used for investing in equities and equity related instruments. Investments would be pursued in select sectors based on the investment teams analysis of business cycles, regulatory reforms, competitive advantage, etc. selective stock picking will be done from these sectors. The fund manager, in selecting scrips, will focus on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Since investing requires disciplines risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been analyzed by the investment team.

#### Investment strategy for securitised debt

The Fund will predominantly invest only in those securitisation issuances, which have AAA rating indicating the highest level of safety from credit risk point of view at the time of making an investment. The fund does not propose to limit its exposure to only one asset class or to have asset class based sub-limits as it will primarily look towards the rating of the offering. The fund will conduct an independent due diligence on the cash margins, collateralisation, guarantees and other credit enhancements and the portfolio characteristic of the securitisation to ensure that the issuance fits in to the overall objective of the investment in high investment grade offerings irrespective of underlying asset class.

#### 4. Investment guidelines

The fixed income component of the Scheme shall be invested only in Government of India Securities (G-Secs) and/or other fixed income instruments rated AAA/AAA(so) by CRISIL. Approval shall be obtained from CRISIL before investing in any non-CRISIL rated fixed income security. The AMC shall provide adequate information on such companies that are not rated by CRISIL to enable CRISIL to take an implicit rating view. If any fixed income security gets downgraded during the tenure of the scheme, the AMC will ensure that the credit quality of the fixed income portfolio should be equivalent to AA+ (the rating definition of AA+ is as follows :

The fund's portfolio holdings provide very strong protection against losses from credit defaults). If otherwise CRISIL will analyze the protection available from the debt and equity holdings of the scheme at that time, to decide whether the rating of AAA(so) on the capital protected fund can be maintained.

The scheme shall not invest in securitized instruments which have a regularly amortizing cash flow pattern unless the re-investment risk that investments in such instruments entail is adequately mitigated.

Exposures to derivative instruments shall be such that the notional value of such exposures together with the investments in equities will not exceed the allocation of the corpus towards equity investments at any point of time.

No securities lending transactions would be engaged in.

#### 5. Risk Control

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns.

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous and in-depth credit evaluation of the securities proposed to be invested in, will be carried out by the investment team of the AMC. Rated Debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided but not limited by the ratings of Rating Agencies such as CRISIL, CARE, ICRA and Duff and Phelps Credit Rating India Limited or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, necessary clearance of the Investment Review Committee / Board as per requirements of Regulations/ Guidelines / Circulars will be obtained for such an investment.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

The Scheme may invest in other debt Schemes managed by the AMC or in the debt Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter Scheme investment made by all Schemes of Deutsche Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the Deutsche Mutual Fund.

For the present, the Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so after complying with the Regulations and with the requisite approval of the Board of the AMC/Trustee.

## 6. Debt Market in India

The Indian debt market, one of the largest in Asia, is developing rapidly buoyed by a multitude of factors including new instruments, increased liquidity, deregulation of interest rates and improved settlement systems. The major players in the Indian debt markets today are banks, financial institutions, insurance companies and mutual funds. The instruments in the market can be broadly categorized as those issued by corporates, banks, financial institutions and those issued by state/central governments. The risks associated with any investments are - credit risk, interest rate risk and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities are perceived to have zero credit risk. Interest rate risk is present in all debt securities and depends on a variety of macroeconomic factors. The largest segment of the Indian Debt market consists of the Government of India securities where the daily trading volume is in excess of Rs.2000 crores, with instrument tenors ranging from short dated Treasury Bills to long dated securities extending upto 30 years. The Corporate bond market, though relatively less liquid, is also fast developing with an increased participation from the banks, Financial Institutions, mutual funds, provident funds, insurance companies and cash rich corporates. Also there are a large number of instruments available like MIBOR linked bonds, commercial papers and medium to long dated fixed and floating rate bonds. The yield curve usually tends to be positive sloping i.e. yield of shorter dated securities being lower than that of longer dated ones.

The money markets in India essentially consist of call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at specified price), CBLO, commercial papers (CPs, short term unsecured promissory note, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). A predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates.

The various instruments currently available for investments are:

Instruments	Current Yields (as of Feb. 15, 2006)	Liquidity
Central / State Government securities	7.25% - 8.50%	Very High
PSU Bonds / Corporate debentures	7.50% - 10.00%	Medium - High
Securitised debt	8.00% - 10.25%	Low - Medium
Commercial Papers / Certificate of deposits	7.50% - 10.25%	High
Call/Notice Money	6.25% - 8.50%	Very High
Repo	6.00% - 7.50%	Very High

The actual yields will, however, vary in line with general levels of interest rates and debt / money market conditions prevailing from time to time.

Derivatives market is rapidly developing. Instruments range from overnight interest rate swaps to complex transaction combining foreign exchange as well as interest rate exposure.

### B) Procedure and Recording of Investment Decisions

- The Fund Manager for the Scheme is responsible for making buy / sell decisions in respect of the securities in the respective Scheme(s)' portfolios. The investment decisions are made on a daily basis keeping in view the market conditions and all relevant aspects.
- The Board of the AMC has constituted an Investment Review Committee that will meet at periodic intervals. The Investment Review Committee, at its meetings, will review all investments made by the scheme. The Investment review committee will consist of Chief Executive Officer, Head Compliance and Company Secretary, Head Fixed Income and Head Equities. The board of the AMC may add more members to the committee as and when required.
- Investment Review Committee will review all investments in unrated securities. The approval of unrated debt instruments will be based on parameters laid down by the Board of the AMC and the Trustees. The details of such investments will be communicated by the AMC to the Trustees in their periodical reports along with a disclosure regarding how the parameters have been complied with. Such reporting shall be in the manner prescribed by SEBI from time to time. The Committee will also review the performance of the Scheme(s) and general market

outlook and assess the investment pattern of the scheme with regard to parameters and directions laid down in the investment policy.

- It is the responsibility of the AMC to ensure that the investments are made as per the internal / Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the respective Scheme(s).
- The Fund Manager will make presentations to the Board of the AMC and the Trustees periodically, indicating the performance of the Scheme(s). The Fund will adopt Crisil MIP Blended Index as the benchmark for the Scheme. Among other things, the Board of AMC and Trustee will review the performance of the Scheme in comparison to the benchmark. The Trustees reserve the right to change the benchmark for evaluation of performance of the scheme from time to time in conformity with the Investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.
- The Fund Manager will bring to the notice of the AMC Board, specific factors if any, which are impacting the performance of any individual Scheme. The Board on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme(s) will be submitted to the Trustees. The Fund Manager will explain to the Trustees, the details on the Schemes' performance vis-à-vis the benchmark returns. The Trustees and the AMC board may also review the performance of the schemes in the light of performance of the mutual funds industry as published from time to time by independent research agencies and financial newspapers and journals and may take corrective action in case of unsatisfactory performance.
- All investment decisions shall be recorded in terms of SEBI Circular no MFD/CIR/6/73/2000 dated July 27, 2000 or as may be revised by SEBI from time to time.

### C) Change in Investment Pattern

Subject to the Regulations, the asset allocation pattern indicated above for the Scheme(s) may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unitholders, and meet the objective of the relevant Scheme/Plan. Such changes in the investment pattern will be for short term and defensive considerations.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme(s) shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations, as detailed below.

### D) Change in Fundamental Attributes

In accordance with Regulation 18(15A) of the SEBI Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan / Options thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan / Options thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
- The Unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

Explanation: In terms of the Regulations and circular dated February 4, 1998, "Fundamental Attributes" referred above shall mean:

#### i) Type of Scheme

- Open ended / Close ended / Interval Scheme
- Sectoral Fund / Equity Fund / Balanced Fund / Income Fund / Index Fund / Any other type of Fund.

#### ii) Investment Objectives

- Main Objectives - Growth / Income / Both
- Investment pattern - The tentative equity / debt / money market breakup with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

#### iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption
- Aggregate fees and expenses charged to the Scheme
- Any safety net or guarantee provided

## E) Portfolio Turnover

Portfolio turnover is defined as the aggregate of purchases and sales as a percentage of the corpus of the Scheme during a specified period of time. Portfolio turnover in the Schemes will be a function of market opportunities. The economic environment changes on a continuous basis and exposes debt portfolio to systematic as well as non-systematic risk. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. The Investment Manager will endeavour to optimise portfolio turnover to optimise risk adjusted return keeping in mind the cost associated with it. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for scrips / securities held in the portfolio rather than an indication of a change in AMC's view on a scrip, etc.

## F) Investment Limitations / Restrictions

As per the Trust Deed read with the Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments. However, all investments by the Scheme will be made in accordance with the Investment Objective, Investment Focus, Investment Pattern described above as well as the Regulations, including Schedule VII thereof.

- 1) The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer rated not below investment grade by a credit rating agency authorised to carry out such activity under the Securities and Exchange Board of India Act, 1992 and this limit may be extended to 20% of the NAV of the Scheme subject to prior approval of the Board of the AMC and the Trustees. Investments within such limits can be made in mortgage backed securitised debts which are rated not below investment grade by a credit rating agency registered with SEBI. The aforementioned limits shall not be applicable for investment in government securities & money market instruments. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and such total investments shall not exceed 25% of the NAV of the Scheme. All such investments shall be subject to the prior approval of the Board of the AMC and the Trustee.
- 2) Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if:
  - a) such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for the spot transaction); and transfers of unquoted securities will be made as per the policy laid down by the Trustee from time to time; and
  - b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- 3) The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the Fund.
- 4) The initial issue expenses in respect of any scheme may not exceed 6% of the Funds raised under that scheme.
- 5) The Trustee / Scheme shall take delivery of securities purchased and give delivery in case of securities sold and in no case shall engage in short selling or carry forward transactions or badla finance provided that the Fund shall enter into derivatives transactions in a recognised stock exchange for the purpose of hedging and portfolio balancing in accordance with the guidelines issued by the SEBI.
- 6) The Fund shall get the securities purchased / transferred in the name of the Fund on account of the concerned scheme, wherever the instruments are intended to be of long term nature.
- 7) Pending deployment of funds of the Scheme in securities in terms of investment objectives of the Scheme, the AMC can invest the funds of the Scheme in short term deposits of scheduled commercial banks or in call deposits.
- 8) No Scheme of the Fund shall make any investment in
  - a) any unlisted security of any associate or group company of the sponsor; or
  - b) any security issued by way of private placement by an associate or group company of the sponsor; or
  - c) the listed securities of group companies of the sponsor which is in excess of 25% of the net assets.

- 9) No term loans for any purpose may be advanced by the Fund and the Fund shall not borrow except to meet temporary liquidity needs of the Scheme for the purpose of repurchase, redemption of Units or payment of interest or dividends to Unit Holders, provided that the Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such a borrowing shall not exceed a period of six months.
- 10) The Fund may lend securities in accordance with "Guidelines for Participation by Mutual Funds in Stock Lending" issued by SEBI or any amendments thereto.
- 11) The Scheme may also use various derivative and hedging products from time to time, as are available and permitted by SEBI, in an attempt to protect and enhance the interests of the Unit Holders at all times.
- 12) If any company invests more than 5 percent of the NAV of the Scheme then investment made by any other scheme of the Fund in that company or its subsidiaries will be disclosed in accordance with the Regulations.
- 13) Debentures, irrespective of any residual maturity period (above or below 1 year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of the Seventh Schedule to the Regulations or as may be specified by SEBI from time to time.
- 14) A Scheme of the Mutual Fund shall not invest more than 10% of its NAV in equity shares or equity related instruments of any company. Provided that the limit of 10% shall not be applicable for investments in case of index fund or sector/industry specific scheme.
- 15) A Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments.
- 16) The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.
- 17) The Scheme will comply with any other Regulations applicable to the investments of Mutual Funds from time to time.

These investment limitations / parameters as expressed / linked to the net asset / net asset value / capital shall in the ordinary course apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unit Holders.

The Trustee Company / AMC may alter these above stated limitations from time to time, and also to the extent the Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments in order to achieve its investment objective.

## G) Investment of Subscription Money

The Scheme may invest subscription money received from the investing public in money market instruments in addition to any other permissible form of investment, before finalisation of the allotment of Units. The AMC, on being satisfied of the receipt of the minimum subscription amount, can commence investment out of the funds received in accordance with the investment objective of the Scheme and as per existing Regulations. The income earned out of such investments would be merged with the income of the Scheme, on completion of the allotment of the Units.

## H) Depository

Securities of the Scheme will be held either in physical or dematerialised form. In case the securities are held in dematerialised (electronic) mode in India, the rules of the SEBI (Depositories and Participants) Regulations, 1996 would apply and if the securities are held overseas, the relevant rules and regulation of the country where the securities are so held would apply. The services charges payable to the depository participant will form a part of the annual recurring expenses.

## I) Investment by Asset Management Company

AMC, its Sponsor and investment companies managed by them, their affiliates, their associates companies and subsidiaries may invest either directly or indirectly in the Scheme. The funds managed by these affiliates, associates, the sponsor, Subsidiaries of the Sponsor and / or the AMC may acquire a substantial portion of the Scheme's

units and collectively constitute a major investment in the Scheme. Accordingly, selling of Units held by such funds, affiliates / associates and sponsor may have an adverse impact on the Units of the Scheme, because the timing of such selling may impact the ability of other Unitholders to sell their units. Such investments and movement thereof shall be disclosed to the unitholders on a half yearly basis. The AMC shall not charge any fees on such Investments by the AMC in the units of its Schemes, in accordance with sub clause (3) of regulation 24 of the Regulations and shall charge fees on such amounts in future only if the SEBI Regulations so permit. However, AMC shall charge fees on investment by sponsor, and investment companies managed by them, their affiliates, their associate companies and subsidiaries.

## J) Hedging Policies in connection with Trading in Derivatives

SEBI vide its circular MFD/CIR/011/061/2000 dated 01 February, 2000, permitted MF's to participate in derivative trading subject to the observance of guidelines issued by SEBI. The fund may use various derivatives and hedging products/ techniques to insulate the portfolio from excessive risks, for the purpose of hedging and balancing the portfolio; as permitted under the regulation and the guidelines. The trustees will take reasonable steps to ensure that the AMC possess adequate expertise and infrastructure for derivative trading.

Derivative instruments may take form of Interest Rate Swaps/Futures, Forward Rate Agreements, and such other derivative instruments, permitted by SEBI /RBI, for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines and do all such acts as may be incidental to the purpose.

### Basic Structure of an Equity Derivative Instrument

#### A Stock Index Future

The Stock Index Future is an instrument designed to give exposure to equity market indices. The Stock Exchange, Mumbai and The National Stock Exchange have recently started trading in index futures of 1, 2 and 3-month maturities. Pricing of an index future is a function of the underlying index and short-term interest rates.

#### Assumptions:

1 month BSE 30 Future

Spot Index: 3800

Future Price on day 1: 3820

Fund buys 10,000 futures

Future price = Closing spot price = 3850

Profits for the Scheme =  $(3850 - 3820) \times 10000 = \text{Rs. } 300,000$

The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price.

#### Advantages of Equity Derivatives:

Volatility in the Indian equity markets has increased over the last few months. Derivatives provide much needed flexibility to hedge against this volatility. Some of the advantages of specific derivative products are given below:

Stock Index Futures can give exposure to the index. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures without buying individual stocks that make up the index.

The Scheme can sell futures to hedge against market movements without actually selling the underlying stocks it holds.

By buying call options on the index one can participate in the rise in the market, without actually buying individual stocks.

By buying put options on the index the Scheme can insulate the portfolio (assuming a perfect co-relation between portfolio and index - which may not be the case) from the downside risk at a small cost.

### Buying Options

#### Benefits of buying a call option

Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

#### Illustration

If the Fund buys a 1 month call option on Hindustan Lever at a strike of Rs. 190, the current market price being say Rs.191. The Fund will have to pay a premium of say Rs. 15 to buy this call. If the stock price goes below Rs. 190 during the tenure of the call, the Fund avoids the

loss it would have incurred had it straightaway bought the stock instead of the call option. The Fund gives up the premium of Rs. 15 that has to be paid in order to protect the Fund from this probable downside. If the stock goes above Rs. 190, it can exercise its right and own Hindustan Lever at a cost price of Rs. 190, thereby participating in the upside of the stock.

#### Benefits of buying a put option

Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

#### Illustration

If the Fund owns Hindustan Lever and also buys a three-month put option on Hindustan Lever at a strike of Rs. 190, the current market price being say Rs.191. The Fund will have to pay a premium of say Rs. 12 to buy this put.

If the stock price goes below Rs. 190 during the tenure of the put, the Fund can still exercise the put and sell the stock at Rs. 190, avoiding therefore any downside on the stock below Rs. 190. The Fund gives up the fixed premium of Rs. 12 that has to be paid in order to protect the Fund from this probable downside. If the stock goes above Rs. 190, say to Rs. 220, it will not exercise its option. The Fund will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs. 220.

#### Writing Options

Benefits of writing an option with underlying stock holding (Covered call writing)

Covered call writing is a strategy where a writer (say the Fund) will hold a particular stock, and sell in the market a call option on the stock. Here the buyer of the call option now has the right to buy this stock from the writer (the Fund) at a particular price which is fixed by the contract (the strike price). The writer receives a premium for selling a call, but if the call option is exercised, he has to sell the underlying stock at the strike price. This is advantageous if the strike price is the level at which the writer wants to exit his holding / book profits. The writer effectively gains a fixed premium in exchange for the probable opportunity loss that comes from giving up any upside if the stock goes up beyond the strike price.

#### Illustration

Let us take for example Infosys Technologies, where the Fund holds stock, and the current market price being Rs. 3600. The Fund Manager holds the view that the stock should be sold when it reaches Rs. 3700. Currently the 1 month 3700 calls can be sold at say Rs.150. Selling this call gives the call owner the right to buy from the Fund, Infosys at Rs. 3700.

Now the Fund by buying / holding the stock and selling the call is effectively agreeing to sell Infosys at Rs. 3700 when it crosses this price. So the Fund is giving up any possible upside beyond Rs. 3700. However, the returns for the Fund are higher than what it would have got if it just held the stock and decided to sell it at Rs. 3700. This is because the Fund by writing the covered call gets an additional Rs. 150 per share of Infosys. In case the price is below Rs. 3700 during the tenure of the call, then it will not be exercised and the Fund will continue to hold the shares. Even in this case the returns are higher than if the Fund had just held the stock waiting to sell it at Rs. 3700.

#### Benefits of writing put options with adequate cash holding

Writing put options with adequate cash holdings is a strategy where the writer (say, the Fund) will have an amount of cash and will sell put options on a stock. This will give the buyer of this put option the right to sell stock to the writer (the Fund) at a pre-designated price (the strike price). This strategy gives the put writer a premium, but if the put is exercised, he has to buy the underlying stock at the designated strike price. In this case the writer will have to accept any downside if the stock goes below the exercise price. The writer effectively gains a fixed premium in exchange for giving up the opportunity to buy the stock at levels below the strike price. This is advantageous if the strike price is the level at which the writer wants to buy the stock.

#### Illustration

Let us take for example, that the Fund wants to buy Infosys Technologies at Rs. 3500, the current price being Rs. 3600. Currently the three-month puts can be sold at say Rs. 100. Writing this put gives the put owner the right to sell to the Fund, Infosys at Rs. 3500.

Now the Fund by holding cash and selling the put is agreeing to buy Infosys at Rs. 3500 when it goes below this price. The Fund will take on itself any downside if the price goes below Rs. 3500. But the returns for the Fund are higher than what it would have got if it just waited till the price reached this level and bought the stock at Rs. 3500, as per its original view. This is because the Fund by writing the put gets an additional Rs. 100 per share of Infosys. In case the price

stays above Rs. 3500 during the tenure of the put, then it will not be exercised and the fund will continue to hold cash. Even in this case the returns are higher than if the Fund had just held cash waiting to buy Infosys at Rs. 3500.

The risks and returns ensuring from such investments are explained hereinbelow:

### Interest rate Swaps

An interest rate swap is an agreement whereby two parties agree to exchange periodic interest payments. The amount of interest payments exchanged is based on some predetermined principal, called notional principal amount. The amount each counter party pays to the other is the agreed upon periodic interest rate multiplied by the notional principal amount. The only amount that is exchanged between the parties are the interest payment, not the notional principal amount.

A Forward Rate Agreement, on the other hand, is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date based on a notional amount, for an agreed period.

In the most common type of swap one party agrees to pay the other party fixed interest payments at designated dates for the life of contract. The other party agrees to make interest rate payments that float with some index.

The interest rate benchmarks that are commonly used for floating rate in an interest rate swap are those on various money market instruments. In Indian markets the benchmark most commonly used is MIBOR.

Swaps can be unwound by either reversing the original swap entered into or doing by a reverse swap with cash flows matching the original swap.

#### Example: Interest Rate Swap (IRS)

- Suppose the Scheme has a portion of its portfolio in cash. The Fund Manager has a view that the interest rate scenario is soft and call rates are unlikely to spurt over the next three months. The fund manager would therefore prefer to receive a higher rate of return on his cash, which he is lending in the overnight call market. In other words he would like to move to a 91 Day fixed interest rate from overnight floating rate
- In the above example
  - Say Notional Amount : Rs. 5 crores
  - Benchmark : NSE MIBOR
  - Tenor : 91 days
  - Documentation : International Securities Dealers Association (ISDA).
  - Fixed Rate : 6.25% At the end of 91 days
  - The Scheme Pays : Compounded call rates for 91 days which averages to say 5.90%
  - The Scheme receives : Fixed rate at 6.25% for 91 days.
  - At the end of 91 days the transaction will be settled as under:-
  - The Scheme receives Fixed rate : Rs. 7,79,110 @ 6.25% for 91 days
  - The Scheme pays floating rate @ 5.90% for 91 days amounting to : Rs. 7,35,479
  - Net Receivable / Settlement Value : Rs. 43,631

Please note that the above example is hypothetical in nature and the figures are assumed.

The fixed Income derivative market has made considerable progress in last two years. Interest rate swaps have become an integral part of Risk Management practice for most banks. Corporate Treasury have issued Innovative instruments like floating rate debt and constant maturity swaps.

This innovation on issuance, trading, settlement and risk management side will considerably enhance the depth and the width of the Indian debt markets and bring it at par with developed markets.

The Scheme may use derivative instruments primarily to protect the value of portfolio against potential risks such as interest rate risk, currency risk, credit risks, reinvestment risk and liquidity risks. This protection is also known as hedge. At the same time, however, a properly correlated hedge will result in a gain in the portfolio position being offset by a loss in the hedge position. As a result, the use of derivatives could limit any potential gain from an increase in value of the position hedged. In addition, an exposure to derivatives in excess of the hedging requirement can lead to losses. IRS and FRAs do also

have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Derivative instruments offer unique advantages like security exposures without the attendant execution and settlement risk. Derivative instruments carry a high risk return ratio. It is like a insurance policy where one has to pay the premium up-front and the benefit is contingent upon an event. Derivative instrument if used on a leveraged basis could distort the risk return ratio considerably even with a small price movement (the scheme will not take a leveraged exposure). It requires a high level of knowledge, understanding and surveillance to control risk.

The Indian market for derivative instruments is still evolving. The Fund however, will use the derivative instruments very judiciously and keep in mind the overall objective of the scheme.

#### Reporting requirements:

The AMC shall cover the following aspects in their reports to the Trustees periodically, as provided for in the Regulations:

#### Transactions in derivatives, both in volume and value terms

Market value of cash or cash equivalents / securities held to cover the exposure.

Any breach of the exposure limit laid down in the scheme offer document.

Shortfall, if any, in the areas covering investment in derivative products and the manner of bridging it.

The Trustees shall offer their comments on the above aspects in the report filed with SEBI under sub regulation (23) (a) of regulation 18 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

#### Valuation of Derivative Products

- The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

#### Risks associated with Derivatives Trading

1. Credit Risk: The credit risk is the risk that the counter party will default obligations and is generally negligible, as there is no exchange of principal amounts in a derivative transaction.
2. Market risk: Derivatives carry the risk of adverse changes in the market price.
3. Illiquidity risk: The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.
4. The fund pays the daily compounded rate. In practice however there can be a difference in the actual rate at which money is lent in the call market and the benchmark, which appears and is used.
5. The risk is to the extent that returns are limited for the investor in case of extreme movement in call rates.

It may be mentioned here that the guidelines issued by Reserve Bank of India from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

It may be mentioned here that the guidelines issued by Reserve Bank of India from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to.

Notwithstanding the foregoing investment policies, for temporary defensive purposes (e.g. during periods in which the Asset

Management Company believes changes in the securities markets or economic or other conditions warrant), the Scheme may invest substantially in Indian Government Treasury Bills and hold cash or cash equivalents and other money market instruments. The Trustees of the Mutual Fund may from time to time alter these limitations in conformity with the SEBI (MF) Regulations, 1996 and any other guidelines or notifications that may be issued by SEBI.

This is not a Money Market Mutual Fund scheme.

#### Valuation of Assets and Net Asset Value

The assets would be valued in accordance with the regulations prescribed by SEBI from time to time.

## VI. Fees, Expenses & Load

The information provided under this section is to assist the unitholder to understand the expense structure of the current Scheme and types of fees and their percentage the unitholder is likely to incur on subscribing the units of the Scheme.

### A) Load Structure of the Scheme

Under normal circumstances based on the Scheme's potential performance in the market environment existing as of the date of the Offer Document, the Fund intends to charge the load under the scheme(s) unless mentioned otherwise.

All Loads including CDSC are intended to enable the AMC to recover expenses incurred for promotion or distribution and sales of the Scheme. All Loads including CDSC for the Scheme will be retained in the Scheme in a separate account and will be utilized to meet the selling and distribution expenses or such other expenses as permitted by SEBI. Any surplus in this account may be credited to the Scheme within one year from the end of the financial year in which the Loads / CDSC has been charged.

Investors are advised to contact the Investor Service Centres or designated centres or AMC offices to know the latest position on Exit Load / CDSC prior to Investing in the Scheme.

As per the regulations, in case of close ended scheme the redemption price shall not be lower than 95% of the NAV.

### Contingent Deferred Sales Charge (CDSC)

Under the regulations, when a Scheme is operating on a no load basis, the AMC retains the right to charge CDSC to unit holder exiting from the Scheme within 2 years of entry. The CDSC is intended to enable the AMC to recover expenses for promotion of the Scheme which otherwise the Unitholders may have had to bear. Under the Scheme, the AMC reserves the right to charge the CDSC structure if it deems fit in the interest of the smooth and efficient functioning of the Fund. Should the AMC on any date decide to change the CDSC structure (including a zero CDSC structure), investments made prior to that date would attract the CDSC structure applicable prior to that change.

### Summary of Current Load Structure & CDSC

DWS Capital Protection Oriented Fund	The Charge
Maximum Sales (Entry) load imposed on purchase of units	
At New Fund Offer	Pursuant to the SEBI circular dated April 04, 2006, Entry Load cannot be charged.
Sales load on issue of units in lieu of dividend	NA
Contingent Deferred Sales Charge ("CDSC")	Year 1 - 0%
Exit / Redemption Load	No Exit Load, as no withdrawals permitted before maturity date as per Regulations. No load on the redemption on the maturity date.
Switchover / Exchange Fee	
Interscheme switches	0%
Intrascheme switches	0%

## B) Fees and Expenses of the Scheme

### 1) New Fund Issue Expenses

As per the Regulations, the total New Fund Issue Expenses chargeable to the Scheme are subject to maximum of 6% of the amount collected during the New Fund Offer Period. In this Scheme, the New Fund Issue Expenses will be fully borne by the AMC.

### 2) Ongoing Expenses

The fees and expenses of operating the Scheme on an annual basis, expressed as a percentage of the amount of the Schemes' average weekly net assets, are estimated as follows:

Expenses Head	as % of amount mobilized
Agent Commissions	3.50%
Registrar Expenses	0.10%
Marketing Expenses	0.75%
Miscellaneous Expenses	0.05%
Bankers Fees	0.01%
Legal Fees	0.01%
Printing and Distribution	0.08%
<b>Total</b>	<b>4.50%</b>

The purpose of the above table is to assist the Unitholder in understanding the various costs and expenses that an investor in the Scheme will bear directly or indirectly. Unitholders should note that the information provided are estimates made on a best effort basis and that the actual expenses charged to the Scheme and the expenses categories may vary once the Scheme is in operation or if there is any change in Regulations. However as per Regulations the total recurring expenses that can be charged to any of the Scheme(s) in this document shall be subject to the applicable guidelines. Expenses over and above the permitted limits will be borne by the AMC. Unitholders should note that as the NAV is calculated weekly, expenses are also accrued weekly

As per the SEBI (MF) Regulations, 1996, ongoing expenses on the first Rs.100 crores of the Scheme's average weekly net assets will not exceed 2.25% per annum. On the next Rs.300 crores of the Scheme's average weekly net assets ongoing expenses will not exceed 2.00% per annum. On the next Rs.300 crores of the Scheme's average weekly net assets on-going expenses will not exceed 1.75% and on the balance of the Scheme's average weekly net assets ongoing expenses will not exceed 1.50%. Ongoing fees and expenses incurred beyond the stipulated amounts, if any, will be borne by the Asset Management Company. In accordance with SEBI (MF) Regulations, 1996 the investment management and advisory fee is included within the ongoing expenses stated herein and charged to the Scheme and is subject to the following limits:

On the first Rs.100 crores of the average weekly net assets 1.25% and 1% of the excess amount over Rs.100 crores, where net assets so calculated exceed Rs.100 crores. The ongoing fees and expenses of the Scheme will be payable monthly in arrears.

The recurring expenses of the Scheme(s), and the additional management fee shall be as per the limits prescribed under sub-regulation 6 of Regulation 52 of the SEBI Regulations and shall not exceed the limits prescribed thereunder.

## C) Fees and Expenses of the Existing Schemes

### Deutsche Mutual Fund - Most Recent Scheme Launched

Deutsche Mutual Fund has in the recent times launched one scheme each in March 2005, June 2005, August 2005 and December 2005, the New Fund issue expenses for which were borne by the AMC. The New Fund issue expenses for all the scheme was borne by the AMC except DWS Alpha Equity Fund and DWS Investment Opportunity Fund over and above 1%, 2% respectively of the amount collected.

#### DWS Alpha Equity Fund

New Fund Issue Expenses	Estimated as per Offer Document		Actuals	
	Rs. (Lakhs)	% of Target Amount	Rs. (Lakhs)	% of Resources Mobilised
Target Amount Rs. 1 crore				
Marketing Expenses	0.50	0.50%	1.30	0.04%
Agent Commissions	1.00	1.00%	31.18	1.00%
Registrar's Expenses	0.25	0.25%	0.34	0.00%
Banker's Fees	0.10	0.10%	0.00	0.00%
Legal Fees	0.05	0.05%	0.00	0.00%
Printing & Distribution	0.45	0.45%	0.59	0.02%
Other Expenses	0.40	0.40%	0.19	0.00%
<b>Total</b>	<b>2.75</b>	<b>2.75%</b>	<b>33.60</b>	<b>1.06%</b>

The variance in estimated versus actual New Fund issue expenses was due to the target amount being exceeded during the New Fund offering period. The expense over and above 1% of the amount collected in DWS Alpha Equity Fund was borne by the AMC. In case of DWS Investment Opportunity Fund, expenses incurred in excess of 2% of the amount collected was borne by the AMC.

All New Fund issue expenses incurred for DWS Premier Bond Fund, DWS Short Maturity Fund, DWS Insta Cash Plus Fund, DWS Fixed Maturity Plans, DWS Floating Rate Fund, DWS Dynamic Bond Fund, DWS MIP Fund, DWS Fixed Term Fund, DWS Fixed Term Fund – Series 2, DWS Fixed Term Fund – Series 3, DWS Fixed Term Fund – Series 4, DWS Fixed Term Fund – Series 7, DWS Fixed Term Fund – Series 6, DWS Fixed Term Fund – Series 9, DWS Fixed Term Fund – Series 5, DWS Fixed Term Fund – Series 8, DWS Fixed Term Fund – Series 11, DWS Fixed Term Fund – Series 10, DWS Fixed Term Fund – Series 14, DWS Fixed Term Fund – Series 16, DWS Fixed Term Fund – Series 17, DWS Fixed Term Fund – Series 18, DWS Fixed Term Fund – Series 19, DWS Fixed Term Fund - Series 20 and DWS Fixed Term Fund - Series 22 were borne by the AMC.

## D) Condensed Financial Information

### Historical per unit Statistics

Particulars	DWS Floating Rate Fund (DFRF)			
	October 24, 2003 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007
	Audited	Audited	Audited	Unaudited
NAV at the beginning of the year (Rs.)#	10.0000	10.2014	10.7067	11.3173
Net Income per unit (Rs.)	0.2190	0.5083	2.0583	1.0859
Dividends (Rs. Per unit) ^^				
Daily Dividend	N.A.	N.A.	N.A.	0.2389
Weekly Dividend	0.0443	0.3923	0.5220	0.4838
Monthly Dividend	0.0178	0.4102	0.5850	0.5245
Quarterly Dividend	N.A.	N.A.	N.A.	N.A.
Annual Dividend / Dividend	N.A.	N.A.	N.A.	N.A.
Transfer to Reserves (if any) (Rs. in Crores)	0.39	-	-	-
NAV at the end of the period (Rs.)	10.2014	10.7067	11.3173	11.9393
Date of Allotment	21-Oct-03			
Absolute Return of the Scheme (since Inception till end of respective period) (%)	2.01%	7.07%	13.17%	19.39%
Benchmark Performance (since Inception till end of respective period) (%)	1.78%	6.02%	11.17%	16.65%
Compounded Annualised Return of the scheme (since Inception of respective schemes till the end of the period) (%)	N.A.	4.84%	5.19%	5.62%
Compounded Annualised Return of the Benchmark Index (since Inception of respective scheme till end of the period) (%)	N.A.	4.13%	4.43%	4.816%
Net Assets at end of the year (Rs. Crs.)	23.16	458.59	208.05	104.77
Ratio of Recurring Expenses to net assets (%)	0.65% @	0.65%	0.65% @	0.57% @
NAV as on January 17, 2007	11.9393			
Compounded Annualised Return Since Inception to January 17, 2007	5.62%			
Benchmark Performance Since Inception to January 17, 2007	4.816%			

Particulars	DWS MIP Fund A (DMIPA)				DWS MIP Fund B (DMIPB)			
	February 5, 2004 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007	February 5, 2004 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007
	Audited	Audited	Audited	Unaudited	Audited	Audited	Audited	Unaudited
NAV at the beginning of the year (Rs.)#	10.0000	10.0603	10.8119	11.9989	10.0000	10.0732	10.6740	11.5361
Net Income per unit (Rs.)	0.0324	0.6944	3.0425	0.8038	0.0540	1.0454	1.6745	0.4816
Dividends (Rs. per unit) ^^								
Daily Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Weekly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Monthly Dividend	N.A.	0.5270	0.8900	0.5300	N.A.	0.5164	0.6700	0.5300
Quarterly Dividend	N.A.	0.3900	0.8300	0.8400	N.A.	0.4000	0.6800	0.7200
Annual Dividend / Dividend	N.A.	N.A.	0.6250	0.8400	N.A.	N.A.	0.6000	0.7200
Transfer to reserves (if any) (Rs. in Crores)	0.29	-	-	-	0.17	-	-	-
NAV at the end of the period (Rs.)	10.0603	10.8118	11.9989	12.6210	10.0732	10.6740	11.5361	11.9858
Date of Allotment	29-Jan-04				29-Jan-04			
Absolute Return of the Scheme (since Inception till end of respective period) (%)	0.60%	8.12%	19.99%	26.21%	0.73%	6.74%	15.36%	19.86%
Benchmark Performance (since Inception till end of respective period) (%)	0.98%	3.31%	14.92%	22.55%	0.98%	3.31%	14.92%	22.55%
Compounded Annualised Return of the scheme (since Inception of respective schemes till the end of the period) (%)	N.A.	6.90%	8.76%	8.15%	N.A.	5.73%	6.81%	6.29%
Compounded Annualised Return of the Benchmark Index (since Inception of respective scheme till the end of the period) (%)	N.A.	2.83%	6.62%	7.09%	N.A.	2.83%	6.62%	7.09%
Net Assets at end of the year (Rs. Crs.)	46.91	25.47	6.90	6.90	22.51	15.01	3.05	1.38
Ratio of Recurring Expenses to net assets (%)	2.25% @	2.25%	2.26% @	2.25% @	2.25% @	2.25% @	2.26% @	2.25% @
NAV as on January 17, 2007	12.6210				11.9858			
Compounded Annualised Return Since Inception to January 17, 2007	8.15%				6.29%			
Benchmark Performance Since Inception to January 17, 2007	7.09%				7.09%			

Particulars	DWS Alpha Equity Fund (DAEF)					DWS Investment Opportunity Fund (DIOF)			
	January 30, 2003 to March 31, 2003	April 1, 2003 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007	February 5, 2004 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007
	Audited	Audited	Audited	Audited	Unaudited	Audited	Audited	Audited	Unaudited
NAV at the beginning of the year (Rs.)#	10.00	9.25	21.03	25.81	44.64	10.00	9.95	12.44	20.25
Net Income per unit (Rs.)	(0.38)	2.75	4.34	20.4493	1.9350	(0.08)	1.71	33.9629	1.1990
Dividends (Rs. per unit) ^^									
Daily Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Weekly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Monthly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Quarterly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Annual Dividend / Dividend	N.A.	4.00	3.50	7.50	3.50	N.A.	1.00	2.75	-
Transfer to reserves (if any) (Rs. in Crores)	(1.36)	29.86	-	-	-	(0.31)	-	-	-
NAV at the end of the period (Rs.)	9.25	21.03	25.81	44.64	52.03	9.95	12.44	20.25	23.51
Date of Allotment	21-Jan-03					29-Jan-04			
Absolute Return of the Scheme (since Inception till end of respective period) (%)	-7.50%	110.30%	158.10%	346.40%	420.30%	-0.50%	24.40%	102.50%	135.10%
Benchmark Performance (since Inception till end of respective period) (%)	-9.25%	64.38%	88.85%	215.61%	278.21%	-2.05%	15.84%	88.62%	127.29%

Particulars	DWS Alpha Equity Fund (DAEF)					DWS Investment Opportunity Fund (DIOF)			
	January 30, 2003 to March 31, 2003	April 1, 2003 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007	February 5, 2004 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007
	Audited	Audited	Audited	Audited	Unaudited	Audited	Audited	Audited	Unaudited
Compounded Annualised Return of the scheme (since Inception of respective schemes till the end of the period) (%)	N.A.	86.91%	54.13%	59.79%	51.16%	N.A.	20.52%	38.43%	33.35%
Compounded Annualised Return of the Benchmark Index (since Inception of respective scheme till the end of the period) (%)	N.A.	51.92%	33.65%	43.35%	39.55%	N.A.	13.40%	33.97%	31.85%
Net Assets at end of the year (Rs. Crs.)	16.61	120.75	67.11	46.11	119.62	46.86	19.61	7.59	10.08
Ratio of Recurring Expenses to net assets (%)	2.50% @	2.48%	2.48%	2.47% @	2.45% @	2.23% @	2.25% @	2.25% @	2.25% @
NAV as on January 17, 2007	52.03					23.51			
Compounded Annualised Return Since Inception to January 17, 2007	51.16%					33.35%			
Benchmark Performance Since Inception to January 17, 2007	39.55%					31.85%			

Particulars	DWS Short Maturity Fund (DSMF)				
	January 27, 2003 to March 31, 2003	April 1, 2003 to March 31, 2004	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007
	Audited	Audited	Audited	Audited	Unaudited
NAV at the beginning of the year (Rs.)#	10.0000	10.0647	10.7782	11.2768	11.7662
Net Income per unit (Rs.)	0.0930	0.7730	1.3128	1.3775	0.4535
Dividends (Rs. per unit) ^^					
Daily Dividend	N.A.	N.A.	N.A.	N.A.	N.A.
Weekly Dividend	N.A.	0.4360	0.5204	0.5540	0.3930
Monthly Dividend	N.A.	0.4400	0.4956	0.5850	0.4550
Quarterly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.
Annual Dividend/ Dividend	N.A.	N.A.	N.A.	N.A.	N.A.
Transfer to reserves (if any) (Rs. in Crores)	0.74	0.55	-	-	-
NAV at the end of the period (Rs.)	10.0647	10.7782	11.2768	11.7662	12.4482
Date of Allotment	21-Jan-03				
Absolute Return of the Scheme (since Inception till end of respective period) (%)	0.65%	7.78%	12.77%	17.66%	24.48%
Benchmark Performance (since Inception till end of respective period) (%)	0.90%	6.32%	9.55%	16.36%	19.42%
Compounded Annualised Return of the scheme (since Inception of respective schemes till the end of the period) (%)	N.A.	6.51%	5.64%	5.23%	5.64%
Compounded Annualised Return of the Benchmark Index (since Inception of respective scheme till the end of the period) (%)	N.A.	5.29%	4.25%	4.86%	4.55%
Net Assets at end of the year (Rs. Crs.)	71.96	370.10	107.00	104.40	68.16
Ratio of Recurring Expenses to net assets (%)	0.90% @	0.90%	0.90% @	0.90% @	0.90% @
NAV as on January 17, 2007	12.4482				
Compounded Annualised Return Since Inception to January 17, 2007	5.64%				
Benchmark Performance Since Inception to January 17, 2007	4.55%				

Particulars	DWS Insta Cash Plus Fund (DICPF)							
	January 27, 2003 to March 31, 2003	April 1, 2003 to March 31, 2004	April 1, 2004 to March 31, 2005	June 26, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006		April 1, 2006 to January 17, 2007	
	Audited		Regular	Institutional	Regular	Institutional	Regular	Institutional
	Audited		Audited		Audited		Unaudited	
NAV at the beginning of the year (Rs.)#	10.0000	10.1095	10.6227	10.0000	11.1265	10.3778	11.7453	10.9715
Net Income per unit (Rs.)	0.1002	0.2939	0.6464		0.8697	0.9729	0.6695	0.8901
Dividends (Rs. per unit) ^^								
Daily Dividend	N.A.	0.2871	0.4718	0.3484	0.5591	0.5567	0.5500	0.5458
Weekly Dividend	N.A.	0.4492	0.4378	0.3438	0.5220	0.5220	0.4838	0.4838
Monthly Dividend	N.A.	0.3905	0.4402	0.3200	0.5025	0.5325	0.4895	0.5245
Quarterly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Annual Dividend/ Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Transfer to reserves (if any) (Rs. in Crores)	0.74	31.56	-	-	-	-	-	-
NAV at the end of the period (Rs.)	10.1095	10.6227	11.1265	10.3778	11.7453	10.9715	12.3887	11.5865
Date of Allotment			21-Jan-03	25-Jun-04				
Absolute Return of the Scheme since Inception till end of respective period (%)	1.10%	6.23%	11.27%	3.78%	17.45%	9.72%	23.89%	15.87%
Benchmark Performance (since Inception till end of respective period) (%)	0.90%	5.29%	9.67%	3.2%	15.00%	8.22%	20.67%	13.55%
Compounded Annualised Return of the scheme (since Inception of respective schemes till the end of the period) (%)	N.A.	5.21%	4.99%	N.A.	5.17%	5.40%	5.51%	5.91%
Compounded Annualised Return of the Benchmark Index (since Inception of respective scheme till the end of the period) (%)	N.A.	4.43%	4.30%	N.A.	4.48%	4.58%	4.82%	5.08%
Net Assets at end of the year (Rs. Crs.)	68.15	920.86	172.59	793.74	113.03	615.41	136.58	984.49
Ratio of Recurring Expenses to net assets (%)	0.55% @	0.65%	0.65%	0.50% @	0.65% @	0.50% @	0.65% @	0.50% @
NAV as on January 17, 2007							12.3887	11.5865
Compounded Annualised Return Since Inception to January 17, 2007							5.51%	5.91%
Benchmark Performance Since Inception to January 17, 2007							4.82%	5.08%

Particulars	DWS Premier Bond Fund (DPBF)								
	January 30, 2003 to March 31, 2003		April 1, 2003 to March 31, 2004		April 1, 2004 to March 31, 2005		April 1, 2005 to March 31, 2006		April 1, 2006 to January 17, 2007
	Institutional	Regular	Institutional	Regular	Institutional	Regular	Institutional**	Regular	Regular
	Audited		Audited		Audited		Audited		Unaudited
NAV at the beginning of the year (Rs.)#	10.0000	10.0000	9.8872	9.8749	11.2005	11.1020	11.3927	11.1904	11.6593
Net Income per unit (Rs.)	(0.1532)	1.1795	0.8211				0.8569		0.4447
Dividends (Rs. per unit) ^^									
Daily Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Weekly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Monthly Dividend	N.A.	N.A.	0.5400	0.5320	0.3127	0.1800	0.0200	0.3300	0.2000
Quarterly Dividend	N.A.	N.A.	0.4521	0.4386	0.2300	0.2649	N.A.	0.5000	0.3000
Annual Dividend/ Dividend	N.A.	N.A.	0.70	0.65	N.A.	N.A.	N.A.	0.0825	0.3500
Transfer to reserves (if any) (Rs. in Crores)	(1.29)	(0.31)	30.30	7.36	N.A.	N.A.	-	-	-
NAV at the end of the period (Rs.)	9.8872	9.8749	11.2005	11.1020	11.3927	11.1904	N.A.	11.6593	12.1550
Date of Allotment	21-Jan-03								
Absolute Return of the Scheme (since Inception till end of respective period) (%)	-1.13%	-1.25%	12.01%	11.02%	13.93%	11.90%		16.59%	21.55%
Benchmark Performance (since Inception till end of respective period) (%)	-0.63%		8.14%		8.34%			11.91%	16.35%
Compounded Annualised Return of the scheme (since Inception of respective schemes till the end of the period) (%)	N.A.	N.A.	10.01%	9.19%	6.13%	5.27%		4.93%	5.01%

Particulars	DWS Premier Bond Fund (DPBF)									
	January 30, 2003 to March 31, 2003		April 1, 2003 to March 31, 2004		April 1, 2004 to March 31, 2005		April 1, 2005 to March 31, 2006		April 1, 2006 to to January 17, 2007	
	Institutional	Regular	Institutional	Regular	Institutional	Regular	Institutional	Regular	Regular	
	Audited		Audited		Audited		Audited		Unaudited	
Compounded Annualised Return of the Benchmark Index (since Inception of respective scheme till the end of the period) (%)	N.A.	N.A.		6.18%	3.72%				3.59%	3.87%
Net Assets at end of the year (Rs. Crs.)	113.50	24.44	336.78	104.76	9.38	10.39	N.A.	4.20	2.43	
Ratio of Recurring Expenses to net assets (%)	1.00% @	1.75% @	1.01%	1.78%	1.11% @	2.01% @	1.25% @	1.99% @	2.00% @	
NAV as on January 17, 2007	12.1550									
Compounded Annualised Return Since Inception to January 17, 2007	5.01%									
Benchmark Performance Since Inception to January 17, 2007	3.87%									

Particulars	DWS Tax Saving Fund (DTSF)			DWS Money Plus Fund (DMPF)		
	March 20, 2006 to March 31, 2006	April 1, 2006 to January 17, 2007		March 14, 2006 to March 31, 2006	April 1, 2006 to January 17, 2007	November 8, 2006 to January 17, 2007
				Regular		Institutional
	Unaudited	Unaudited		Unaudited	Unaudited	Unaudited
NAV at the beginning of the period (Rs.)#	10.0000 \$	10.8080		10.0000 \$	10.0472	10.0000\$
Net Income per unit (Rs.)	0.7627	-0.4727		0.3379	0.3145	0.1848
Dividends (Rs. per unit) ^^						
Daily Dividend	N.A.	N.A.		N.A.	0.2483	0.1436
Weekly Dividend	N.A.	N.A.		N.A.	0.4655	0.1260
Monthly Dividend	N.A.	N.A.		N.A.	0.4850	0.0600
Quarterly Dividend	N.A.	N.A.		N.A.	N.A.	N.A.
Annual Dividend / Dividend	N.A.	N.A.		N.A.	N.A.	N.A.
Transfer to reserves (if any) (Rs. in Crores)	-	-		-	-	-
NAV at the end of the period (Rs.)	10.8080	10.7798		10.0472	10.6352	10.1528
Date of Allotment	20-Mar-06			14-Mar-06		8-Nov-06
Absolute Return of the Scheme (since Inception till end of respective period) (%)	8.08%	7.80%		0.47%	6.35%	1.53%
Benchmark Performance (since Inception till end of respective period) (%)	3.48%	20.76%		0.34%	5.29%	1.21%
Net Assets at end of the period (Rs. Crs.)	30.49	35.23		80.63	7.28.10	1252.27
Ratio of Recurring Expenses to net assets (%)	2.48% @	2.50% @		0.68% @	0.63% @	0.50% @
NAV as on January 17, 2007	10.7798			10.6352		10.1528
Absolute Return Since Inception to January 17, 2007	7.80%			6.35%		1.53%
Benchmark Performance Since Inception to January 17, 2007	20.76%			5.29%		1.21%

Particulars	DWS Fixed Term Fund - Series 4 (DFTF 4)		DWS Fixed Term Fund - Series 6 (DFTF 6)		DWS Fixed Term Fund - Series 5 (DFTF 5)	
	November 21, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007	February 16, 2006 to March 31, 2006	April 1, 2006 to January 17, 2007	March 28, 2006 to March 31, 2006	April 1, 2006 to January 17, 20067
	Audited	Unaudited	Audited	Unaudited	Unaudited	Unaudited
NAV at the beginning of the period (Rs.)#	10.000	10.0516	10.000	10.0351	N.A.	10.0055
Net Income per unit (Rs.)	0.1293	0.5507	0.0795	0.6913	0.0054	0.7117
Dividends (Rs. per unit) ^^						
Daily Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Weekly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Monthly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Quarterly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Particulars	DWS Fixed Term Fund - Series 4 (DFTF 4)		DWS Fixed Term Fund - Series 6 (DFTF 6)		DWS Fixed Term Fund - Series 5 (DFTF 5)	
	November 21, 2005 to March 31, 2006	April 1, 2006 to January 17, 2007	February 16, 2006 to March 31, 2006	April 1, 2006 to January 17, 2007	March 28, 2006 to March 31, 2006	April 1, 2006 to January 17, 20067
	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited
Annual Dividend / Dividend	-	-	-	-	N.A.	N.A.
Transfer to reserves (if any) (Rs. in Crores)	-	-	-	-	-	-
NAV at the end of the period (Rs.)	10.0516	10.6645	10.0351	10.6976	10.0166	10.6718
Date of Allotment	2-Dec-2005		17-Feb-06		29-Mar-06	
Absolute Return of the Scheme (since Inception till end of respective period) (%)	0.52%	6.65%	0.35%	6.98%	0.17%	6.72%
Benchmark Performance (since Inception till end of respective period) (%)	1.70%	6.71%	0.64%	5.60%	0.04%	4.97%
Net Assets at end of the period (Rs. Crs.)	58.58	62.16	127.21	135.42	228.80	240.24
Ratio of Recurring Expenses to net assets (%)	0.39% @	0.50% @	0.25% @	0.35% @	0.25% @	0.15% @
NAV as on January 17, 2007	10.6645		10.6976		10.6719	
Absolute Return Since Inception to January 17, 2007	6.65%		6.98%		6.72%	
Benchmark Performance Since Inception to January 17, 2007	6.71%		5.60%		4.97%	

Particulars	DWS Fixed Term Fund - Series 9 (DFTF 9)		DWS Fixed Term Fund - Series 10 (DFTF 10)	DWS Fixed Term Fund - Series 14 (DFTF 14)	DWS Fixed Term Fund - Series 16 (DFTF 16)	
	March 23, 2006 to March 31, 2006	April 1, 2006 to January 17, 2007	June 5, 2006 to January 17, 2007	July 18, 2006 to January 17, 2007	August 10, 2006 to January 17, 2007	
	Audited	Unaudited	Unaudited	Unaudited	Regular	Institutional
NAV at the beginning of the period (Rs.)#	N.A.	10.0177	10.0000 \$	10.0000 \$	10.0000 \$	10.0000 \$
Net Income per unit (Rs.)	0.0173	0.6513	0.4804	0.4031	0.3370	0.3455
Dividends (Rs. per unit) ^^						
Daily Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Weekly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Monthly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Quarterly Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Annual Dividend / Dividend	-	-	-	0.1100	0.1000	0.1000
Transfer to reserves (if any) (Rs. in Crores)	-	-	-	-	-	-
NAV at the end of the period (Rs.)	10.0177	10.6374	10.4516	10.3648	10.3207	10.3295
Date of Allotment	24-Mar-06		6-Jun-06	18-Jul-06	10-Aug-06	
Absolute Return of the Scheme (since Inception till end of respective period) (%)	0.18%	6.37%	4.52%	3.43%	3.05%	3.05%
Benchmark Performance (since Inception till end of respective period) (%)	0.56%	7.24%	3.42%	2.86%	5.42%	5.42%
Net Assets at end of the period (Rs. Crs.)	148.45	157.60	127.35	303.51	12.05	101.74
Ratio of Recurring Expenses to net assets (%)	0.25% @	0.82% @	0.44% @	0.33% @	0.34% @	0.15% @
NAV as on January 17, 2007	10.6374		10.4516	10.3648	10.3207	10.3295
Absolute Return Since Inception to January 17, 2007	6.37%		4.52%	3.43%	3.05%	3.05%
Benchmark Performance Since Inception to January 17, 2007	7.24%		3.42%	2.86%	5.42%	5.42%

Particulars	DWS Fixed Term Fund Series 15 (DFTF 15)		DWS Fixed Term Fund Series 17 (DFTF 17)		DWS Fixed Term Fund Series 18 (DFTF 18)		DWS Fixed Term Fund Series 19 (DFTF 19)		DWS Fixed Term Fund Series 20 (DFTF 20)		DWS Fixed Term Fund Series 22 (DFTF 22)	
	Sept. 1, 2006 to Jan. 17, 2007		Nov. 1, 2006 to Jan. 17, 2007		Nov. 3, 2006 to Jan. 17, 2007		Dec. 5, 2006 to Jan. 17, 2007		Dec. 27, 2006 to January 17, 2007		Dec. 27, 2006 to January 17, 2007	
	Regular		Regular	Institutional	Regular	Institutional	Regular	Institutional				
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
NAV at the beginning of the period (Rs.)#	10.0000 \$		10.0000 \$	10.0000 \$	10.0000 \$	10.0000 \$	10.0000 \$	10.0000 \$	10.0000 \$		10.0000 \$	
Net Income per unit (Rs.)	0.2947		0.1761	0.1801	0.1592	0.1640	0.0906	0.0946	0.0528		0.0546	
Dividends (Rs. per unit) ^^												
Daily Dividend	N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.		N.A.	
Weekly Dividend	N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.		N.A.	
Monthly Dividend	N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.		N.A.	
Quarterly Dividend	N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.		N.A.	
Annual Dividend / Dividend	-		-	-	-	-	-	-	-		-	
Transfer to reserves (if any) (Rs. in Crores)	-		-	-	-	-	-	-	-		-	
NAV at the end of the period (Rs.)	10.2862		10.0718	10.0767	10.0817	10.0865	10.0679	10.0727	10.0477		10.0546	
Date of Allotment	1-Sep-06		30-Oct-06		2-Nov-06		5-Dec-06		27-Dec-06		27-Dec-06	
Absolute Return of the Scheme (since Inception till end of respective period) (%)	2.86%		0.76%	0.77%	0.82%	0.86%	0.68%	0.73%	0.18%		0.55%	
Benchmark Performance (since Inception till end of respective period) (%)	1.82%		1.72%	-1.72%	0.81%	0.81%	0.30%	0.30%	0.29%		0.17%	
Net Assets at end of the period (Rs. Crs.)	132.37		30.03	115.65	5.24	92.39	4.51	994.48	77.54		319.45	
Ratio of Recurring Expenses to net assets (%)	0.15% @		0.37% @	0.15% @	0.38% @	0.15% @	0.82% @	0.35% @	0.10% @		0.23% @	
NAV as on January 17, 2007	10.2862		10.0718	10.0767	10.0817	10.0865	10.0679	10.0727	10.0477		10.0546	
Absolute Return Since Inception to January 17, 2007	2.86%		0.76%	0.77%	0.82%	0.86%	0.68%	0.73%	0.18%		0.55%	
Benchmark Performance Since Inception to January 17, 2007	1.82%		-1.72%	-1.72%	0.81%	0.81%	0.30%	0.30%	0.29%		0.17%	

Past performance may or may not be sustained in the future.

# All per unit NAVs are of Growth Option and the same have been considered for return calculations.

^^ Per unit Dividend rate is a Gross of Dividend Distribution Tax & Education Cess for the period April 1, 2004 to March 31, 2005. Post dividend, the NAV of the dividend option reduces to the extent of dividend payout and other applicable taxes.

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the respective period.

\*\* Institutional Plan of DPBF has been wound up w.e.f. April 9, 2005.

\$ Launched during the year.

DWS Fixed Term Fund - Series 13 has been wound up w.e.f. December 26, 2006

DWS Fixed Term Fund - Series 12 has been wound up w.e.f. November 28, 2006

DWS Fixed Term Fund - Series 3 has been wound up w.e.f. August 21, 2006

DWS Fixed Term Fund - Series 11 has been wound up w.e.f. July 24, 2006

DWS Fixed Term Fund - Series 2 has been wound up w.e.f. July 17, 2006

DWS Fixed Term Fund - Series 8 has been wound up w.e.f. June 8, 2006

DWS Fixed Term Fund has been wound up w.e.f. April 24, 2006

DWS Fixed Term Fund - Series 7 has been wound up w.e.f. March 27, 2006.

DDBF - Institutional Plan was wound up w.e.f. December 16, 2004 and Regular Plan was wound up w.e.f. December 24, 2005.

For schemes which have not completed one year the returns mentioned are absolute and for other CAGR.

## VII. Units & the Offer

### A) Units on Offer - General Information

#### 1) The Offer

The Offer is being made for subscription to DWS Capital Protection Oriented Fund, a 3 years closed-ended Fund. However, if the maturity date falls on a non business day then the immediate succeeding business day would be the maturity date of the scheme. The Trustees have given their approval to this Offer Document in terms of a resolution passed on February 13, 2007.

Application Forms together with this Offer Document will be available at KARVY ISCs and with select Distributors for Deutsche Mutual Fund and/or at the offices of the Asset Management Company.

During the NFO period, unitholders of other Schemes of Deutsche Mutual Fund have an option to switch from the other scheme to this Scheme, however, the switch request should be accompanied with the application form.

#### 2) New Fund Offer Price

The corpus of the Scheme will be divided into Units having a New Fund Offer Price of Rs. 10 each. The Units can be purchased at this price during the New Fund Offer Period.

#### 3) New Fund Offer Period

The New Fund Offer Period for the Scheme opens on \_\_\_\_\_, 2007 and closes on \_\_\_\_\_, 2007.

#### 4) Extension or Termination of New Fund Offer Period

The Trustee reserves the right to extend the closing date, subject to, however, the condition that the subscription lists shall not be kept open for more than 30 days. The Trustee reserves the right to close the subscription list earlier by giving at least one day prior notice in one daily newspaper.

#### 5) Minimum Amount for Application

During the New Fund offering period minimum of Rs. 5,000 (Five Thousand) and in multiples of Re.1/- thereafter.

The minimum amount for application can be changed by the AMC at any time with the prior approval of the Trustees.

During the New Fund Offer period, unitholders of other Schemes of Deutsche Mutual Fund have an option to switch from the other Scheme to this Scheme, however, the switch request should be accompanied with the Application Form.

#### 6) Minimum Subscription Amount

The minimum subscription (target) amount for New Fund Offer is Rs.1 Crore (Rupees One Crore Only). There is no maximum target for the size of the Scheme(s) and therefore, subject to the applications being in accordance with the terms of this Offer, full and firm allotment will be made to all applicants.

In accordance with the SEBI Regulations, if the Mutual Fund fails to collect the minimum subscription amount of Rs. 1 Crores (Rupees One Crore Only), the Fund and the AMC shall be liable to refund the subscription amount within a period of 6 weeks from the date of closure of subscription list to the applicants of the Scheme(s).

#### Refunds

In accordance with the Regulations, if the Scheme fails to collect the minimum subscription amount of One crore, the Fund shall be liable to refund the money to the applicants.

In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment process is completed.

No interest will be payable on any subscription money refunded within 6 weeks from the closure of the New Fund Offer Period. Interest on subscription amount will be payable for amounts refunded later than 6 weeks from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 6 weeks and will be charged to the AMC. Refund

orders will be marked "A/c payee only" and will be in favour of and be despatched to the sole / first applicant, by registered post.

During the ongoing subscription process, no interest will be payable on any subscription money to applicants whose applications are invalid for any reason whatsoever and are refunded to the applicant within a reasonable period of time. Refund orders will be marked "A/c payee only" and will be in favour of and be despatched to the sole / first applicant, by registered post.

#### 7) New Fund Offer Expenses

As per the Regulations, the total New Fund Issue Expenses chargeable to the Scheme are subject to maximum of 6% of the amount collected during the New Fund Offer Period. In this Scheme, the New Fund Issue Expenses will be fully borne by the AMC.

#### 8) Options available under the Scheme

Investors in the Scheme have a choice of Growth Option for capital appreciation and Dividend Option for regular income. The choice of the Option should be indicated by ticking the appropriate box on the Application Form. Revocation of any such decision also must be made in writing and signed by all the registered holder(s) of the Units and also sent to the Registrar.

The Net Asset Value would be the same for the two options till the time the first dividend is declared by the Scheme. Subsequently, there would be two separate NAV, one for Growth Option and the other for Dividend Option in the Scheme.

##### A) Growth Option

The Fund will not declare any dividends under this Option. The income earned by the Scheme will remain invested in the Scheme and will be reflected in the NAV. This Option is suitable for investors who are not looking for current income (but who have invested with the intention of capital appreciation). Please refer to the para on "Taxation" for tax benefits.

##### B) Dividend Option

This Option is suited for investors seeking income through Dividend declared by the Scheme. Only Unit Holders opting for the Dividend Option will receive dividends. An investor on record for the purpose of dividend distributions is an investor who is a Unitholder as of the Record Date. In order to be a Unitholder, an investor has to be allocated Units representing receipt of clear funds by the Scheme.

The Trustee intends to declare regular dividends comprising substantially of net realized income and net realized capital gains. The Trustee, in its sole discretion, may also declare interim dividends. It should be noted that actual distribution of Dividends and the frequency of distribution indicated above, are provisional and will be entirely at the discretion of the Trustee and depend, inter alia on the availability of distributable surplus. To the extent the entire net income and realised gains are not distributed, the same will remain invested in the Scheme and be reflected in the NAV.

This option in turn offers "Payout Dividend and Reinvest Dividend Sub Options"

##### i) Payout Dividend

As per the Regulations, the Fund shall despatch to the Unit Holders, the dividend proceeds within 30 days of declaration of the Dividend. Dividends will be payable to those Unit Holders whose names appear in the Register of Unit Holders on the date (Record Date). Dividends will be paid by cheque, net of taxes as may be applicable. Unit Holders will also have the option of direct payment of dividend to the bank account. The cheques will be drawn in the name of the sole / first holder and will be posted to the Registered address of the sole / first holder as indicated in the original application form. The Fund will endeavour to despatch the dividend cheques within 30 days of the Record date. To safeguard the interest of Unit Holders from loss or theft of

dividend cheques, investor should provide the name of their bank, branch and account number in the Application Form. Dividend cheques will be sent to the Unit Holder after incorporating such information.

#### ii) Reinvest Dividend

Under this sub-option, Unit Holders may choose to reinvest all of their dividends by way of additional units of the Scheme instead of receiving dividends in cash. Such additional Units by way of reinvestment of dividends will be at the Applicable NAV on the next day after the Record Date. The dividend so reinvested shall be constructive payment of dividend to unitholders and constructive receipt of the same amount from each unitholder for reinvestment in Units. Any such investment will be made without the payment of an Entry Load, if any. Such choice may be made by indicating in the investor's original application or by providing the Fund with written notice signed by all the registered holder(s) of the Units and sent to the Registrar at its Hyderabad office. Revocation of any such decision also must be made in writing and signed by all the registered holder(s) of the Units and also sent to the Registrar.

Effect of Dividend: The NAV of the Unit Holders in Dividend Option, will stand reduced by the amount of dividend declared and applicable taxes / levies. The NAV of the Growth Option will remain unaffected.

IMPORTANT: Investors should indicate the Option, wherever applicable, for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form. In case of valid applications received, without indicating the Option the following defaults will be flagged off.

Indication not made	Default
Dividend / Growth Options	Growth Option
Dividend Payout / Dividend Reinvestment	Dividend Reinvestment

The Fund does not assure any targeted annual return / income.

### 9) Sale of Units

#### No New Fund Offer Price

This being a closed end Scheme and no purchases except during New Fund offering periods are possible, hence there will be no Public Offer Price. Also the units will be allotted at Rs. 10/-. The AMC reserves the right to change the basis for subscription from amount basis to any other basis, subject to the SEBI Regulations.

### 10) Rollover Option

All investors will be redeemed from the fund on the maturity date of the scheme at the NAV calculated on that date.

As per the Regulations, a closed-end scheme shall be fully redeemed at the end of the maturity period provided that a closed-end scheme may be rolled over if the purpose, period and other terms of the roll over and all other material details of the scheme including the likely composition of assets immediately before the rollover, the net assets and Net Asset Value of the scheme are disclosed to unitholders and a copy of the same has been filed with SEBI. A rollover may be permitted only in case of those unitholders who express their consent in writing and the unitholders who do not opt for the rollover or have not given written consent shall be allowed to redeem their holdings in full at Net Asset Value based price.

### 11) Listing

The Units will not be listed on any stock exchange.

### 12) Duration of the Scheme

The term of the Scheme will 3 years from the date of allotment. However, the scheme may be liquidated any time prior to the expiration, under the following circumstances:

- On the happening of any event which, in the opinion of the Board, requires the Scheme to be wound up.
- If seventy five per cent of the Unitholders pass a resolution that the Scheme be wound up.
- If SEBI so directs in the interest of the Unit holders.

### 13) Permanent Account Number (PAN)

If the amount invested is Rs. 50,000 or more, the applicant or in the case of application in joint names, each of the applicants,

should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 and the income-tax Circle/Ward/District should be mentioned, if available and support it with a self attested photocopy of the PAN card / PAN allotment letter / assessment order / other relevant documents from the Income Tax department for verification. The "General Index Register" (GIR) Number is not acceptable in lieu of PAN. In case where the PAN has not been allotted, the fact of non-allotment should be mentioned in the application form and the form specified in lieu of the PAN number should be attached to the application form. Any application form without these details will not be accepted by the fund.

### 14) Unique Identification Number (UIN)

Effective January 1, 2005, SEBI mandated that all specified investors should mention the UIN (Unique Identification Number) under MAPIN Database (Central Database of Market Participants) in the Application Form, without which the applications will be rejected. SEBI vide MAPIN/Cir- 13 /2005 dated July 1, 2005, has decided to suspend all fresh registrations for obtaining UIN and the requirement to obtain/quote UIN under the MAPIN Regulations / Circulars pending a final view to be taken on the report submitted by the Committee constituted by SEBI to examine the issues relating to obtaining UIN under the regulations. Investors would need to comply with the applicable regulations / guidelines, as and when mandated by SEBI. For details investors may log on to [www.nsdl.com](http://www.nsdl.com), [www.dws.mutual.com](http://www.dws.mutual.com).

Investors are requested to note that SEBI vide its circular No. MAPIN / Cir-13 2005 dated July 1, 2005 has suspended the requirement to obtain / quote UIN under the MAPIN regulations / circular w.e.f July 1, 2005.

### 15) Applicable NAV

The date of receipt of a redemption request will be the actual Business Day of either the mail receipt at a KARVY ISC of a redemption request, or of actual receipt of an in-person request.

Cut-off timing for Repurchase/switch out transaction is as follows :

Time	Applicable NAV
Application received upto 3.00 p.m. on a business day	Closing NAV of the business day immediately preceding the next business day
Application received after 3.00 p.m. on a business day	Closing NAV of the next business day

Net Asset Value shall be calculated weekly and as of the maturity of the fund. SEBI circular no. MFD/CIR/13/087/2001 dated March 28, 2001 requires calculation of NAVs of closed-end funds on Wednesdays. The Asset Management Company reserves the right to calculate NAV on other Business and non-Business Days. Calculation of the Scheme's Net Asset Value will be subject to such rules or regulations that SEBI may issue from time to time and will be subject to audit on an annual basis. The computation and disclosure of the Net Asset Value and the repurchase price shall be in conformance with the SEBI (MF) Regulations, 1996.

### 16) Minimum Balance

The Unitholder has to maintain a minimum balance of Rs. 5,000 (Five thousand) in the account at any point of time. The Fund may close an investor's account if the balance falls below the minimum balance.

## B) Purchase of Units

### 1) Who can invest?

The following persons (subject to, wherever relevant, purchase of units of mutual funds being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Scheme.

- Resident Adult Individuals either singly or jointly (not exceeding three)
- Minors through parent / legal guardian
- Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions)

- Religious, Charitable and Private Trusts, under the provisions of 11(5) of Income Tax Act, 1961 read with Rule 17C of Income Tax Rules, 1962 (subject to receipt of necessary approvals as "Public Securities", wherever required)
- Wakfs and Trustee of private trusts authorised to invest in mutual fund scheme under the Trust Deed
- Partnership Firms
- Karta of Hindu Undivided Family (HUF)
- Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions
- Non Resident Indians (NRIs) / Persons of Indian origin residing abroad on full repatriation basis (subject to RBI approval, if any) or on non-repatriation basis
- Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval, if any)
- Army, Air Force, Navy and other para-military funds and eligible institutions
- Scientific and Industrial Research Organisations
- International Multilateral Agencies approved by the Government of India
- Non-Government Provident/Pension/Gratuity funds as and when permitted to invest
- Others who are permitted to invest in the Scheme as per their respective constitutions
- Trustees, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws), may subscribe to the Units under the Scheme(s)
- Other Scheme(s) of Deutsche Mutual Fund subject to the conditions and limits prescribed in SEBI regulations

The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme(s) from time to time, subject to SEBI Regulations, and other prevailing statutory regulations, if any.

#### **Prevention of Money Laundering and Know Your Customer (KYC)**

To ensure appropriate identification of the investor and with a view to monitor transactions for the prevention of money laundering, the AMC reserves the right to: (a) scrutinise and verify the identity of the investor, unit holder, person making the payment on behalf of the investor and the source of the funds invested, to be invested in Deutsche Mutual Fund; (b) reject any application, prevent further transactions by a unit holder and (c) to mandatorily redeem the units held by the unit holder at the applicable NAV prevalent at the time of such redemption.

In furtherance of the aforesaid objective, the AMC shall have absolute discretion to reject any application, prevent further transactions by an investor / unitholder, if after due diligence, the investor / unitholder does not satisfy the 'Know Your Customer' requirements of the AMC as amended from time to time or the AMC believes that the transaction is suspicious in nature as regards money laundering. In this behalf the AMC reserves the right to reject any application and effect a mandatory redemption of units allotted at any time.

#### **Mutual Fund Identification Number (MIN)**

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued thereunder and the guidelines / circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors.

In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency ("Central Agency"). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue a Mutual Fund Identification Number ("MIN") to

each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the MIN can invest in the schemes of the mutual fund by quoting the MIN in lieu of submitting information and documents required under AML Laws.

Investors who wish to obtain a MIN have to submit a completed Application Form for MIN ("MIN Form") along with all the prescribed documents listed in the MIN Form, at any of the Point of Service ("PoS"). The MIN Form is available at our website ([www.dws-india.com](http://www.dws-india.com)) and AMFI website ([www.amfiindia.com](http://www.amfiindia.com)). PoS are the designated centres appointed by the Central Agency for receiving application forms, processing data and allotment of MIN. List of and location of PoS is available at our website ([www.dws-india.com](http://www.dws-india.com)) and [www.amfiindia.com](http://www.amfiindia.com). On submission of application, documents and information to the satisfaction of the PoS, the investor will be allotted a provisional MIN across the counter. Subsequently, the Central Agency will scrutinize the information and documents submitted by the investor, and confirm the MIN. However, the Central Agency may cancel the MIN within 15 working days from the date of allotment of provisional MIN, in case of any deficiency in the document / information. Intimation on cancellation of MIN will be dispatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the MIN as allotted is confirmed.

Presently, it is mandatory for all applications for subscription of value of Rs. 50,000/- and above to quote the MIN of all the applicants (guardian in case of minor) in the application for subscription. The MIN will be validated with the records of the Central Agency before allotting units. Applications for subscriptions of value of Rs. 50,000/- and above without a valid MIN may be rejected.

In the event of any MIN Application Form being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction will be cancelled and the amount may be redeemed at applicable NAV, subject to payment of Exit Load, wherever applicable. Such redemption proceeds will be despatched within a maximum period of 21 days from date of acceptance of application. (In case of an ELSS Scheme or a New Fund Offer, allotment will be done only on confirmation from the Central Agency that the MIN is final and if the Central Agency informs that the MIN is cancelled, the original amount invested will be refunded).

All investors (both individual and non-individual) can apply for a MIN. However, applicants should note that minors cannot apply for a MIN and any investment in the name of minors should be along with a Guardian, who should obtain a MIN for the purpose of investing with a Mutual Fund. Also, applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their respective MIN at the time of investment above the threshold. PoA holders are not permitted to apply for a MIN on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other MIN related details, should the applicant desire to change such information. PoS will extend the services of effecting such changes.

#### **2) Purchase Price**

This is a close ended scheme. The units will not be available for sale after the closure of the NFO period. Units will be issued at the value of Rs. 10/- during the NFO period.

#### **3) How to Purchase?**

The application forms or transaction slips for the purchase of Units of the Scheme, will be available at the office of the AMC, the Designated Centres and the Investor Service Centres. New Unit Holders can purchase Units by completing an Application Form. Existing Unit Holders may use the form attached to the bottom of their Account Statement or fill out a deposit slip.

Application must be for a minimum amount of Rs. 5,000 and in multiples of Re.1/- thereafter. The Trustee reserves the right to stipulate a different minimum amount per application for group investment plans (e.g. plans initiated by companies for their employees, etc.).

Applications can be made either by way of a "Regular Application" i.e. alongwith a cheque / DD or under Direct Deposit Application Facility i.e. alongwith account to account transfer instruction.

The Fund may introduce other newer methods of application which will be notified as and when introduced.

Investors should complete the Application Form and deliver the same along with cheque / draft (i.e. in case of "Regular Application") or account to account transfer instructions (in case availing of 'Direct Deposit Application Facility') at any of the:

- Investor Service Centres, or
- Designated Centres, or
- AMC Offices
- To the Registrar, Karvy Computershare Private Ltd.,  
46, Road No. 4, Street No. 1, Banjara Hills,  
Hyderabad 500 034.

The addresses of the ISCs and Designated Centres respectively are given at the end of this Offer Document.

The Trustee shall, have absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application.

Incomplete Applications or those not specifying the Scheme / option and / or accompanied by cheque / demand drafts / account to account transfer instructions favouring scheme/option other than that specified in the application are liable to be rejected.

As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account no. in their applications for purchase of units. In case such details are not mentioned, the application forms may be rejected.

#### 4) Mode of Payment

Cash will not be accepted as a mode of payment. Payment by stockinvests and out-station and / or post-dated cheques will not be accepted.

##### i) Resident Investors

Investors may make payments for subscription to the Units of the Scheme by bank draft / local MICR cheque payable at par, in the city in which the application form is submitted drawn on a bank, which is a member of Bankers clearing house.

All cheques and drafts should be crossed "Account Payee Only" and made out in favour of "DWS Capital Protection Oriented Fund".

##### ii) NRIs, PIOs and FIIs

###### (a) Repatriation Basis - NRIs, PIOs

In terms of Schedule 5 of notification No. FEMA 20/2000 dated May 3, 2000 issued under the Foreign Exchange Management Act, the RBI has granted a general permission to mutual funds, as referred to in Clause (23D) of Section 10 of the Act to issue and repurchase units of their schemes which are approved by SEBI to NRIs / PIOs subject to conditions set out in the aforesaid notification. Further, general permission is also granted to send such units to NRIs / PIOs to their place of residence or location as the case may be.

NRI applications on a repatriation basis will be made by submitting payment by demand drafts purchased from / cheques drawn on FCNR / NRE bank accounts payable at a city enlisted in the last page of this document where Karvy ISC is located. Such applicants would have to subsequently arrange to provide a debit certificate from their bankers confirming that the amount has been paid by debiting a NRE / FCNR account.

###### (b) Non-Repatriation Basis - NRIs, PIOs

In case of NRIs / PIOs seeking to apply for Units on a non-repatriation basis, payments may be made by cheque / draft drawn out of NRO accounts.

###### (c) FIIs

FIIs may pay their subscription amounts by direct remittance from abroad or out of their special Non-Resident Rupee Accounts maintained with a

designated bank in India. The RBI has granted mutual funds as referred to in Clause (23D) of Section 10 of the Act general permission to issue units of SEBI approved schemes, to send such units out of India to their global custodians and to repurchase units from FIIs and make payment therefore in terms of Schedule 5 of notification No. FEMA 20 / 2000 dated May 3, 2000 issued under the Foreign Exchange Management Act.

The Application Form must provide the FIIs Special Non-Resident Rupee Account details maintained with any one of the RBI designated banks. All applications made under a Power of Attorney by any of the above mentioned categories require that the Power of Attorney or a duly certified copy thereof be lodged at the Registrar's office.

The NRIs, PIOs and FIIs shall also be required to furnish such other documents as may be necessary and as desired by the Fund in connection with the investment in the Scheme and as prescribed by regulations from time to time.

##### iii) Application under Power of Attorney / Body corporate / Registered Society / Trust / Partnership etc.

In case of an application under a Power of Attorney or by a limited company or a body corporate or a registered society, or a trust, or a partnership or an association of persons or body of individuals, the relevant Power of Attorney or the relevant resolution or the authority to make the application specifying the mode of operation or the partnership deed and letter / authority given by all partners specifying mode of operation as the case may be, or duly certified copy thereof, along with a certified copy of the Memorandum and Articles of Association, incorporation / constitution documents and / or bye-laws / certificate of registration must be lodged at the Registrar's office within seven days of the subscription. Sole proprietary firms would require to submit a completed nomination form to enable transmission of units in the event of death of the sole proprietor. In case of HUF, a list of all coparceners together with their dates of birth and specimen signatures must be lodged at the Registrar's office within seven days of the subscription.

#### 5) Mode of Holding

Applicants have to specify the 'mode of holding' in the application form. The mode of holding may be "Single", "Joint" or "Anyone or Survivor".

Where Units are jointly held, the person first-named in the Application Form will receive all notices and correspondences with respect to the Folio, as well as any distributions through dividends, redemptions or otherwise. Such person shall hold the voting right, if any, associated with the Units. However, all documentation shall necessarily be signed by all the holders. The liability of the Mutual Fund in this regard shall be only to the first-named holder.

When Units are held as anyone or survivor, the person first-named in the Application Form will receive all notices and correspondences with respect to the Account, as well as any distributions through dividends or otherwise. The first named holder shall exercise the voting right, if any, associated with the Units. All documentation may be signed by any one of the joint holders and the Mutual Fund will act on the instructions of any one of the account holders. If two or more persons apply for units without specifying the mode of holding, they shall be deemed to have elected to hold the units jointly. Any change in the mode of holding will require the signature of all the holders. By following the above procedure, the Mutual Fund and the AMC shall be discharged of all liability towards the joint / remaining unitholders.

Investors are requested to carefully study the provisions pertaining to TRANSITION as well as NOMINATION given below under "D) Facilities offered to Investors under the Scheme" before ticking the relevant box pertaining to the Mode of Holding in the Application Form.

**Note :** The Trustee, at their discretion at a later date, may choose to alter or add other modes of payment during the Continuous Offer.

## 6) Allotment / Refunds

### a) Folio Number & Issuance of Units

Every investor will be identified by a Folio Number. Please quote your folio number in all communications with the Mutual Fund or the KARVY ISCs. The Trustee is entitled, in its sole and absolute discretion, to reject any application for Units. Upon issue, a non transferable account statement (or if requested, a non transferable unit certificate) will be sent to each unitholder. The account statement or unit certificate will be the confirmation of the units purchased.

### b) Allotment

All applicants will receive full and firm allotment of Units, provided the applications are complete in all respects and are found to be in order. The Trustees retain the sole and absolute discretion to reject any application. The process of allotment of Units and mailing of account statements reflecting the allotments will be completed within 30 days from the date of closure of the New Fund Offer Period. Allotment to NRIs / FIIs will be subject to RBI approval, if any, required.

### c) Account Statement

Units will be issued in registered, uncertificated form only. Unitholders may request a Unit certificate in lieu of an Account Statement. After acceptance of an Investor's request and within three Business Days the Mutual Fund will endeavor to mail to investors by post / courier Account Statements confirming their Units held in the Scheme. Provided that the Fund reserves the right to reverse the transaction of crediting units in the Unitholder's account, in the event of non-realization of any cheque or other instrument remitted by the investor.

All Units will rank pari passu, among Units within the same Option, i.e. either the dividend option or the growth option, as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustees. Allotment of Units and despatch of Account Statements to NRIs / FIIs will be subject to RBI's general permission dated March 30, 1999 to mutual funds, in terms of Notification No. FERA195/99-RB or such other notifications, guidelines issued by RBI from time to time.

Each Unitholder will receive an Account Statement / transaction slip (or, if requested, a Unit certificate) each time purchases during an New Fund offering period or redemption of Units are made. In addition, each Unitholder will also receive an annual Account Statement as soon as practicable after 31st March each year. Such annual Account Statement will detail the investor's opening balance of Units held as of 1st April of the prior year, all transactions that occurred during the preceding twelve months with respect to the Account and a closing balance of Units held and the Net Asset Value of the Units as of 31st March of such year or the last NAV calculated during the relevant financial year.

Unitholders may verify the contents of Account Statements and revert to their nearest KARVY ISC immediately in case of any discrepancy. In the event the unitholder fails to inform the KARVY ISC within 15 days from the date of the Account Statement, it shall be deemed to be correct.

### d) Receiving Account Statement / Correspondence by E-mail

The Mutual Fund will encourage the investor to provide their email addresses for all correspondence (including Annual Report). The Mutual Fund would endeavour to send all correspondences using e-mail as the mode for communication as may be decided from time to time.

## C) Redemption of Units

All investors will be redeemed from the fund only on the final maturity date of the scheme.

On maturity of the scheme, the investor can switch to other open-end schemes of the Mutual Fund at the prevailing terms of those scheme(s) to which the switch is taking place (see Section (D) Facilities offered to investors under the scheme (1) Switching.

The Regulations require that every closed-end scheme shall be listed in a recognised stock exchange within six months from the closure

of the subscription unless the scheme provides for periodic repurchase facility to all unitholders with restriction, if any, on the extent of repurchase; or if the details of such repurchase facility are clearly disclosed in the offer document; or if the scheme opens for repurchase within a period of six months from the closure of subscription.

Units of the scheme shall not be listed in view of a repurchase facility being offered to investors see section below on - How to Redeem Units prior to the maturity date.

The Trustees may mandatorily redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete or if the minimum balance is not maintained.

If a Unitholder makes a redemption request immediately after purchase of Units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by him (for purchase of Units) is realized and the proceeds have been credited to the concerned Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased Units may have to be redeemed to effect the full redemption.

Unit Holders may also request for redemption of their entire holding and close the account by indicating the same at an appropriate place in the Redemption Request Form.

### 1) Redemption Price

The Redemption Price of the Units will be calculated on the basis of the Applicable NAV subject to prevailing CDSC and the Exit Load as mentioned in Chapter VI (A).

With the applicable Exit Load / CDSC, Redemption Price will be calculated as under

Redemption Price = Applicable NAV \* (1-CDSC) or

Redemption Price = Applicable NAV \* (1-Exit Load)

For Example - if the applicable NAV is Rs. 10.00 and the exit load is 2 per cent then the redemption price will be Rs. 9.80.

In the present scheme there is no Exit Load since redemption of units is permitted only on maturity of the Scheme.

Please refer to Ch. VI (A) "Load Structure of the Scheme".

Please see VII (A)(7) "Applicable NAV"

### 2) How to Redeem?

#### a) How to Redeem Units on Maturity

The redemption requests can be made on the pre-printed forms or by using the form at the bottom of the Account Statement. The redemption request can be faxed to (with the original being sent subsequently) or presented at any of the Investor Service Centres as listed in this Offer Document or at the Collection Centres or can be sent to the Registrar, Karvy Computershare Private Ltd., 46, Road No. 4, Street No. 1, Banjara Hills, Hyderabad 500 034.

In case the Units are standing in the names of more than one Unit Holder, where mode of holding is specified as 'Jointly', redemption requests will have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit Holders will have the power to make redemption requests, without it being necessary for all the Unit Holders to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder only.

The Unit Holder may either request for mailing the redemption proceeds to his / her address or avail of the Direct Deposit Application Facility. For details pertaining to applications by way of Direct Deposit Application Facility, (please see "VII D) 6) Direct Deposit Application Facility for Purchase and Redemption of Units.")

### 3) Payment of Proceeds

As per the Regulations, the Fund shall despatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. In the instant case within 10 business days of the applicable repurchase NAV calculation. All redemption requests received at an official point of acceptance of transactions of the fund on any business day will be considered accepted for that applicable NAV. In the event of delay / failure

to despatch the redemption/repurchase proceeds within the aforesaid 10 Business Days, the AMC will be liable to pay interest to the Unitholders @ 15% p.a. for the period of delay. However, under normal circumstances, the Fund will endeavour to despatch the redemption proceeds within 8 Business Days from the date of the Applicable NAV.

The redemption cheque will be issued in favour of the sole /first Unit Holder's registered name and bank account number, if provided and will be sent to the Registered address of the sole / first holder as indicated in the original Application Form. The redemption cheque will be payable at par at all the places where the Investor Service Centres or at the Designated Centres are located. The bank charges for collection of cheques at all other places will be borne by the Unit Holder. For redemptions of amounts above Rs. 5,000 the cheques will be sent by courier (where such facilities are available). With a view to safeguarding their interest, it is desirable that the Unit Holders indicate their Bank Account No., name of the Bank and Branch in the application for purchasing Units of the Scheme.

#### **Redemption by NRIs and FIIs**

Credit balances in the account of an NRI / FII investor, may be redeemed by such investors in accordance with the procedure described above and subject to any procedures laid down by the RBI, if any. Such redemption proceeds will be paid by means of a Rupee cheque payable to the NRI's / FIIs or by a foreign currency draft drawn at the then current rates of exchange less bank charges thereof subject to RBI procedures and approvals.

In terms of the Schedule 5 of Notification No. FEMA 20/2000 dated May 3, 2000 issued under the Foreign Exchange Management Act, 1999 (FEMA) the RBI has granted general permission to NRIs and FIIs who have purchased units issued by mutual funds in accordance with the aforesaid notification to tender units to the mutual funds for repurchase or for the payment of maturity proceeds.

For the purpose of this section, the term "mutual funds" is as referred to in Clause (23D) of Section 10 of Income Tax Act 1961.

#### **4) Effect of Redemptions**

The Unit capital and Reserves will stand reduced by an amount equivalent to the product of the number of Units redeemed and the Applicable NAV. Units once redeemed will be extinguished and will not be re-issued.

#### **5) Fractional Units**

Since a request for redemption or purchase is generally made in rupee amounts and not in terms of number of Units of the Scheme(s), an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places for all Scheme(s). However, fractional Units will in no way affect the investor's ability to redeem the Units, either in part or in full, standing to the Unitholder's credit.

#### **6) Right to Limit Redemptions**

The Trustee may, in the general interest of the Unitholders of all or any of the Scheme(s) offered under this Offer Document, and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue, under each Scheme and Plan(s) thereof, or such other percentage as the Trustees may determine. Any Units, which by virtue of these limitations are not redeemed on a particular Business Day, will be carried forward for redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing load) of the Business Day on which redemption is made. Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day(s). In addition, the Trustees reserve the right in their sole discretion, to limit redemptions with respect to any single account to an amount of Rs. 100 lakhs (Rupees One hundred lakhs only) in a single day.

The redemption of units for the Scheme shall be available only at the time of maturity of the Scheme.

#### **7) Suspension of Sale and Redemption of Units**

The Mutual Fund at its sole discretion reserves the right to withdraw sale and / or repurchase and/or switch of the Units in the Scheme(s) [including any one of the Plan of any of the Scheme(s)] temporarily or indefinitely, if in the opinion of the AMC, the general market conditions are not favourable and / or suitable investment opportunities are not available for deployment of funds. However, the suspension of sale / repurchase / switch either temporarily or indefinitely will be with the approval of the Trustees.

The sale / repurchase / switch of the Units may be suspended under the following conditions:

- When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme(s) is closed otherwise than for ordinary holidays.
- When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustees and the AMC, the disposal of the assets of the Scheme(s) is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.
- In the event of breakdown in the means of communication used for the valuation of investments of the Scheme(s), without which the value of the securities of the Scheme(s) cannot be accurately calculated.
- During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme(s).
- In case of natural calamities, strikes, riots and bandhs.
- In the event of any force majeure or disaster that affects the normal functioning of the AMC, ISC or the Registrar.
- If so directed by SEBI.

In the above eventualities, the time limits indicated above, for processing of requests for purchase and redemption of Units will not be applicable. Further, an order to purchase Units is not binding on and may be rejected by the Trustees, the AMC or their respective agents, until it has been confirmed in writing by the AMC or its agents and payment has been received.

Suspension or restriction of repurchase / redemption facility under any Scheme / Plan of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the AMC and the Trustees. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

#### **8) Unclaimed Redemption and Dividend Amount**

As per circular No. MFD/CIR/9/120/2000, dated November 24, 2000 issued by SEBI, the unclaimed redemption and dividend amounts shall be deployed by the Fund in call money market or money market instruments only. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. The circular also specifies that investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. Thus, after a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year.

In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts.

#### **D) Facilities offered to Investors under the Scheme**

##### **1) Switching**

The Unitholders have the option to switch all or part of their investment from any other Scheme to DWS Capital Protection Oriented Fund at the time of New Fund Offer period subject to prevailing load structure.

A switch by NRIs / FIIs Unitholders will be subject to the compliance of procedures and / or final approval of the Reserve Bank of India or and any other agency, as may be required.

The AMC reserves the right to charge different (including zero) loads on Applicable NAV on switchover as compared to the sale / repurchase as the case may be.

A switch has the effect of a redemption from one Scheme / Option and a purchase in the other Scheme / Option to which the switching has been done and the terms and conditions pertaining to same are specified below.

To effect a switch, a Unit Holder must provide clear instructions. Such instructions may be provided in writing or by completing the transaction slip / form attached to the account statement or telephonically by providing PIN number. Requests for switching can be sent to the Fund through the Investor Service Centres / Designated Centres / Office of the Registrar at Hyderabad. All switching requests received prior to 3 p.m. on any Business Day will be considered accepted on that Business Day, subject to the request being complete in all respects and provided the Business Day is a Business Day for both, the Scheme from which one is switching out and the Scheme into which one is switching in. When a switching request is received after the cut off time specified above, then the request will deemed to have been received on the next Business Day. An account statement reflecting the new holding will be despatched to the Unit holder within 3 Business Days of the completion of the switch transaction.

The switch will be effected by redeeming Units from the Scheme in which the Units are held and investing the net proceeds in the other Scheme(s) / Plans / Options, subject to the minimum balance, minimum application amount and subscription / redemption criteria applicable for the respective Scheme(s).

Applicable NAV for the switches would be the Net Asset Value per Unit at the close of the Business Day for both, the Scheme switched out of and the Scheme switched into, after considering any prevalent exit and entry loads or a combination thereof for switches.

#### i) Switching - Inter-Scheme

Unitholders in the Scheme have the option to switch their investment to other open-end schemes of the Mutual Fund at the time of maturity of the Scheme.

The Scheme's Units will be redeemed at the Redemption Price and the amount shall be invested in any other open ended scheme at the prevailing terms of the scheme to which the switch is taking place. The Redemption Price for the switch out will be determined in the same manner as detailed in sections VII C (1). The Mutual Fund reserves the right to charge a switchover or exchange fee on switchouts on maturity date, which if charged, will not exceed 5%. In the event that a Unitholder is liable to pay a redemption load and the switchover or exchange fee due to a switch, the redemption load shall be applicable and the switchover or exchange fee shall be waived. In the event of winding up of a Scheme, Unitholders may request the Trustee to invest the amount payable upon termination into any other specified Deutsche Mutual Fund scheme at the prevailing terms of the Scheme to which the switch is taking place. Such Unitholders who switch over to any other Deutsche Mutual Fund open-ended scheme, will be governed by the terms of the offer mentioned in the Offer Document of the Scheme to which the investor has switched over. No redemption load or switchover or exchange fee will be charged in the event the Scheme is being wound up and Unitholders decide to switch.

## 2) Pledge of Units

The Units may be pledged in favour of approved scheduled commercial banks and other institutions / companies by the Unitholder as security for raising loans. Units are pledged by completing a form that is available on request. The form may be requested from the KARVY Investor Service Centres or from the head office of the Mutual Fund. The Mutual Fund will record a pledge / charge / lien against Units pledged. If required, the Mutual Fund will also issue a Unit certificate to the Unitholder for the Units pledged. The Unit certificate is non-transferable as

per section 4, Transfer / Transmission Facility. The Unit certificate may be lodged by the Unitholder with the scheduled bank / institution to which the Units are pledged as proof of a pledge / lien / charge being recorded by the Mutual Fund. Units that are pledged may not be redeemed by the pledgor until the entity to which they are pledged provides written authorisation to the Mutual Fund that the pledge / charge / lien may be removed. As long as the Units are pledged, the pledgee scheduled bank / institution will have complete authority to redeem such Units. The Asset Management Company reserves the right to change the procedure for pledges from time to time.

## 3) Listing

The Regulations require that every closed-end scheme shall be listed in a recognised stock exchange within six months from the closure of the subscription, unless the scheme provides for periodic repurchase facility to all unitholders with restriction, if any, on the extent of repurchase; or if the details of such repurchase facility are clearly disclosed in the offer document; or if the scheme opens for repurchase within a period of six months from the closure of subscription.

Units of the scheme shall not be listed in view of a repurchase facility being offered to investors see section VII (1)(C), Redemption of Units. The Fund will offer and redeem the Units on a continuous basis during the Continuous Offer Period. However, the Fund may at its sole discretion list the Units on one or more Stock Exchanges at a later date, and thereupon the Fund will make suitable public announcement to that effect.

## 4) Transfer / Transmission

Account Statements and Unit certificates are not transferable. In case of a closed ended fund, either the units are listed on a stock exchange or repurchase facility is available on specified dates / ongoing basis depending on the fund. If a transferee becomes a holder of the Units by operation of law, or upon enforcement of a pledge, or due to the death, insolvency or winding up of the affairs of a sole holder or the survivors of a joint holder, then subject to the production of evidence which in the opinion of the Mutual Fund is sufficient, the Mutual Fund will effect the transfer if the intended transferee is otherwise eligible to hold the Units. Units shall be transmitted in favour of the surviving jointholder(s) upon the execution of suitable indemnities in favour of the mutual fund and the Asset Management Company by the surviving jointholder(s). Transmission of units / payment of sums standing to the credit of the deceased unitholder in favour of the surviving unitholders shall discharge the mutual fund and the Asset Management Company of all liability towards the estate of the deceased unitholder and his / her successors and legal heirs. Further, if either the mutual fund or the Asset Management Company incur any loss whatsoever arising out of any litigation or harm that it may suffer in relation to the transmission, they will be entitled to be indemnified absolutely from the deceased unitholder's estate.

## 5) Nomination Facility

Applicants applying for Units singly / jointly can make a nomination at the time of initial investment:

- The nomination can be made only by individuals applying for / holding units on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the units are held jointly, all joint holders will sign the nomination form.
- Only one person per folio can be nominated. If more than one person is to be nominated, please contact the AMC for the Nomination Form. A minor can be nominated and in that event, the name, address and PAN and IT Circle / Ward / District (if available) of the Guardian of the minor nominee shall be provided by the Unit holder.
- The Nominee shall not be a trust, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time. Nomination can also be made in favour of the Central Government, State Government, Local Authority, any

person designated by virtue of his office or a religious or charitable trust.

- Nomination in respect of the Units stands rescinded upon the transmission of Units.
- Transmission of Units in favour of a Nominee shall be valid discharge by the AMC / Fund / Trustees against the legal heir.

However, the Mutual Fund / Trustee / AMC may request the nominee to execute suitable indemnities in favour of the Fund and / or the Trustee and / or the AMC, and to submit necessary documentation to the satisfaction of the Fund before transmitting Units to his / her favour. Nominations received in the form prescribed by the AMC alone shall be valid.

- The cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination.
- On cancellation of the nomination, the nomination shall stand rescinded and the AMC / Fund / Trustees shall not be under any obligation to transmit the Units in favour of the Nominee.

## 6) Direct Deposit Application Facility for Purchase and Redemption of Units

Investors can avail of the Direct Deposit Application Facility for the purchase and redemption of Units of the Scheme as and when it is offered in addition to a "Regular Application" and is available only to those investors who comply with the requirements at the time of application. The direct deposit is made through an account to account transfer. The ability to make account to account transfers without the need for cheques or demand drafts reduces the time taken in obtaining use of funds thereby reducing the opportunity cost attributable to lost interest on funds in transit. The Direct Deposit Application Facility is therefore an enhanced investor service feature that the Fund is offering to investors who wish to avail of it. The Direct Deposit Application Facility will initially be available only in Mumbai and later may be made available in other cities. Investors are advised to contact any of the Investor Service Centres or the AMC to know latest list of banks through which Investors can avail of the Direct Deposit Application Facility.

The direct deposit process would work as follows - The Fund at its discretion will open purchase and redemption accounts with various bank(s) (Designated Accounts) from time to time. An investor who is interested in availing of the Direct Deposit Application Facility would have to open an account in the same branch of the said bank unless the said bank has the necessary online facility. If the investor has a pre-existing account at that branch bank then the pre-existing account may suffice pending approval of the concerned bank. The investor would then be able to instruct the bank to make direct deposits into the Fund's account when purchasing Units of the Scheme. The Fund in turn will be able to make direct deposits into the investor's account with the bank when paying redemption proceeds. Please note that a Direct Deposit Subscription / Redemption application cannot be processed without the investor's bank details.

Investors are required to fill the same Application Form irrespective of whether they are making a regular application "or a direct deposit application. Please refer to Ch. VII B) 3) "How to Purchase?" and Ch. VII C) "Redemption of Units".

## 7) Multiple Folio Holdings under Single Address

Normally, newsletters and annual report of the funds are sent to each Unit holder, which results in certain households with one or more members as the Unit holders of the Scheme getting multiple copies. It is the intent of the AMC to review and consolidate the database and send each such "household" a single newsletter and annual report. The AMC feels that this will not inconvenience the Unit holders. In case it does, please write to the AMC, for additional copies of newsletters or annual report as required.

# VIII. Unit Holders' Rights and Services

## A) Unit Holders' Rights

- Unitholders of the Scheme(s) have a proportionate right in the beneficial ownership of the assets of the respective Scheme(s) and in case of Dividend Option, wherever applicable, to the dividend declared, if any, by the Fund under the Scheme(s).
- When the Fund declares a dividend under the Scheme(s), the Fund shall despatch the dividend warrants to the Unitholders within 30 days from the date of declaration of dividend.
- The Fund shall dispatch the redemption proceeds to the Unitholders within 10 days from the date of acceptance of the request for the same. In the event of failure to despatch the redemption proceeds within the period specified, AMC shall be liable to pay interest to the unitholders @ 15% per annum. Such interest shall be borne by the AMC.
- The Trustees are bound to make such disclosures to the Unitholders as are essential in order to keep them informed about any information known to Trustees which may have an adverse bearing on their investments.
- The appointment of the AMC for the Fund can be terminated by a majority of the Trustees or by 75% of the Unitholders of any one or more of the Schemes of the Fund and any change in the appointment of the AMC shall be subject to the prior approval of SEBI and the Unitholders of the respective Scheme(s).
- The Trustees are obliged to convene a meeting on a requisition of 75% of the Unitholders of a Scheme.
- 75% of the Unitholders of a Scheme can pass a resolution to wind up the Scheme.
- Unitholders have the right to inspect all the documents listed under "Documents Available for Inspection" at the end of this Offer Document.
- The Trustees shall obtain the consent of the Unitholders:
  - Whenever required to do so by SEBI, in the interest of the Unitholders
  - Whenever required to do so on a requisition made by three-fourths of the Unitholders of the Scheme
  - When the Trustees decide to wind-up or prematurely redeem the Units.
- The Trustees shall ensure that no change in the fundamental attributes of any Scheme or the Trust or fees and expenses payable or any other change which would modify the Scheme and affect the interests of Unitholders is carried out unless:
  - A written communication about the proposed change is sent to each Unitholder and
  - An advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated and
  - Unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

Subject to the Regulations and the guidelines issued by SEBI, the consent of the Unitholders of the Scheme(s) will be obtained through voting, by mail. Detailed modalities of the same, including the principles for entitlement of votes for each Unitholder will be finalized in consultation with and after obtaining the approval of SEBI and the Trustees.

The annual report containing accounts of the AMC would be displayed on the website of the AMC. Unitholders, if they so desire, may request for the annual report of the AMC.

## B) Voting Rights of the Unit Holders

Subject to the provisions of the Regulations as amended from time to time, the consent of the Unit Holders shall be obtained, if necessary through postal ballot/mail or any other mode, in consultation with SEBI. Each Unit Holder shall be entitled to one vote for each unit held by him in respect of each resolution to be passed.

### Procedure for Conducting a Unitholder Vote

All issues to be voted upon will be intimated to Unitholders by mail / courier. Unitholders of record as of the most recent month end prior to the month in which a request for a vote is sent, will be eligible to vote. Unitholders are entitled to one vote per Unit held on all matters to be voted upon by Unitholders. Issues to be put to vote will be sent out to Unitholders of record along with an explanation from the Trustee as to why the vote is being requested. A ballot paper will also be sent to Unitholders. In case of joint holders or "anyone or survivor" the ballot paper shall be sent to the first named holder. Unitholders will be requested to respond by mailing back their ballot paper by a specified cut-off date. Duly completed and signed ballots received on or before the close of working hours on the cut-off date would be considered a valid ballot. Valid ballots will be counted and if more than 50% of the valid ballots received vote for the proposal then the proposal will stand carried and will be made binding on all Unitholders in the Scheme. Unitholders who oppose the proposal will be allowed to redeem their holdings in the Scheme in the manner specified by SEBI Regulations. As each ballot may contain more than one proposal, Unitholders who cast a negative vote on any one of the proposals will be allowed to redeem their holdings in the Scheme as aforesaid. Unitholders will be informed of the results of the voting either by mail or through an advertisement or by such other means as may be decided by the Trustee. All proposals that have been accepted by Unitholders, will come into effect on the next Business Day following the date on which the valid ballots were counted or any other date as specified in advance to Unitholders. In all matters to be voted upon the Unitholders will be requested to return their ballots to the offices of the Scheme's Transfer Agent and the Transfer Agent will conduct the counting of the ballots in the presence of an independent third party. Unitholders can inspect the votes cast, if so required by them, at the office of the Share Transfer Agent in Hyderabad. The votes will be preserved for a period of one month after the cut-off date. The scheme shall follow any other voting policy specified by SEBI for seeking Unitholders' consent.

## C) Account Statements and Unit Certificates

Each Unit Holder will be sent an Account Statement within 3 Business Days from the date of Applicable NAV or from the date of acceptance whichever is later in case of additional purchases or redemptions are made. The Unit Holders will also be sent an Account Statement, within 30 days after March 31 for transactions in his/her account from April 1 of the preceding year. The Account Statement will show all transactions done during the twelve month period from April 1 of the preceding year and will also indicate the closing balance of Units held and their NAV as on March 31.

The Account Statements shall be non-transferable. This Account Statement shall not be constructed as a proof of title and is only a computer printed statement indicating the details of transactions under the Scheme during the current financial year and giving the closing balance of Units for the information of the Unit Holder.

Further, the Trustee also reserves the right to issue trade Confirmation Slips on an ongoing basis in lieu of Account Statements, indicating the price, and the Units debited or credited to the Account of the Investor, along with the closing balance of his Account. Under this system a periodical statement of holdings of the investors in the Scheme and all other schemes of Deutsche Mutual Fund will be given.

Non-transferable Unit Certificates will be sent, if an applicant so desires, within six weeks of the receipt of a request of the certificate. Unit Certificates will not be issued for any fractional units entitlement.

Units held, either in the form of Account Statement or Unit Certificates, are non-transferable. The Trustee reserves the right to make the Units transferable at a later date subject to the Regulations issued from time to time.

All Units will rank *pari passu*, among Units within the same Option either Growth Option or Dividend Option, as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustee.

The Mutual Fund will encourage the investors to provide their e-mail addresses for all correspondence. The Mutual Fund's proposed website would facilitate request for Account Statement by Unitholders. The Mutual Fund will endeavour to send Account Statements and any other correspondence using e-mail as the mode for communication.

The Unitholder will be required to download and print the Account Statement after receiving the e-mail from the Mutual Fund. Should the Unitholder experience any difficulty in accessing the electronically delivered Account Statement, the Unitholder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advise the Mutual Fund of such difficulty within 24 hours after receiving the e-mail will serve as an affirmation regarding the acceptance by the Unitholder of the Account Statement.

It is deemed that the Unitholder is aware of all security risks including possible third party interception of the Account Statements and content of the Account Statements becoming known to third parties.

Under no circumstances, including negligence, shall the Mutual Fund or anyone involved in creating, producing, delivering or managing the Account Statements of the Unitholders, be liable for any direct, indirect, incidental, special or consequential damages that may result from the use of or inability to use the service or out of the breach of any warranty. The use and storage of any information including, without limitation, the password, account information, transaction activity, account balances and any other information available on the Unitholder's personal computer is at the risk and sole responsibility of the Unitholder.

## D) NAV Information

The NAV of the Scheme(s) will be calculated every Wednesday and announced by the Fund. The Unit holders may obtain the information on NAV on any day, by calling the office of the AMC or any of the Investor Service Centres or on the proposed web site of the AMC. The Fund will publish in at least two daily newspapers. Further, the AMC shall publish the purchase and redemption prices of Units daily in a newspaper with all India circulation.

The AMC shall update the NAVs on the web site of Association of Mutual Funds in India - AMFI ([www.amfiindia.com](http://www.amfiindia.com)) by 9.00 p.m. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

## E) Disclosure of Information under the Regulations

The annual report of the Scheme will be prepared and the Annual Report or an abridged summary of the Annual Report will be mailed to all Unit Holders not later than six months from the date of the closure of the relevant financial year.

Whenever the report is mailed in a summary form, the full Annual Report will be available for inspection at the Registered Office of the Trustee and a copy made available on request to the Unit Holders on payment of a nominal fee.

The Fund shall before the expiry of one month from the close of each half year, that is as on March 31 and September 30, publish its unaudited financial results in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head office of the Fund is situated. These shall also be displayed on the website of the Mutual Fund and that of AMFI.

Full portfolio in the prescribed format shall also be disclosed either by publishing it in the newspapers or by sending to the unitholders within one month from the end of each half-year and it shall also be displayed on the website of the Fund.

## F) Duration of the Scheme

The term of the Scheme will be 3 years from the date of allotment. However, the scheme may be liquidated any time prior to the expiration, under the following circumstances:

- On the happening of any event which, in the opinion of the Board, requires the Scheme to be wound up.
- If seventy five per cent of the Unitholders pass a resolution that the Scheme be wound up.
- If SEBI so directs in the interest of the Unit holders.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to :

- a) SEBI and
- b) in two daily newspapers having a circulation all over India, a vernacular newspaper with circulation in Mumbai.

On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager, as the case may be, shall

- a) cease to carry on any business activities in respect of the Scheme so wound up;
- b) cease to create or cancel Units in the Scheme;
- c) cease to issue or redeem Units in the Scheme.

## G) Procedure and Manner of Winding Up

The Trustee shall call a meeting of the Unit Holders to approve by simple majority of the Unit Holders present and voting at the meeting for authorising the Trustee or any other person to take steps for winding up of the Scheme.

The Trustee or the person authorised as above, shall dispose of the assets of the Scheme concerned in the best interest of Unit Holders of the Scheme.

The proceeds of sale realised in pursuance of the above shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to the Unit Holders in proportion to their respective interest in the assets of the Scheme, as on the date when decision for winding up was taken. The Unitholder may opt to switch-over to other eligible Schemes then in operation at the prevailing terms of the Scheme to which the Unitholder is switching to.

On completion of the winding up, the Trustee shall forward to SEBI and Unit Holders a report on the winding up, detailing, the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unit Holders and a Certificate from the auditors of the Fund.

Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.

After the receipt of the report referred to above, under "Procedure and Manner of Winding Up", if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

## H) Services to Unit Holders

### Investor Services

Deutsche Mutual Fund is committed to providing high quality service to its unitholders. This would encompass facilitating interactions with the unitholders with the Fund, timely dissemination of information about the fund, schemes and the portfolios, ability to access account related information in a speedy manner. The Fund will strive to upgrade the quality of service through implementation of appropriate technology, through ensuring quality consciousness amongst its service personnel and agencies associated with it. The Fund will provide high degree of convenience for the unitholders' dealing with it. Following are the salient features of Investor service facilities that the fund has proposed to implement / proposed to implemented for the convenience of the investors.

## Facilitating Enquiries and Transactions

### a) Investor Service by means of Technology

It will be the endeavour of the Fund to extensively use technological tools in rendering unitholder service. The fund proposes to design and operationalise a website that will be updated daily for all relevant information in the fund. All the unitholders will have access to Newsletters, portfolio, and Fund factsheets. Application Forms, Offer Documents and several other friendly features will be available on the websites.

### b) Investor Service Centres in select cities

Unitholders' enquiries and transactions during business hours will be entertained at the Investor Service Centres/AMC's offices listed at the end of this Offer Document. Unitholders / investors can also write/e-mail/contact them at the AMC's Corporate office at Mumbai. In addition unitholders may also contact the AMC at its corporate office for any additional service. The AMC will, in course of time, seek to add more designated centres at other major locations to handle unitholder enquiries and transactions besides providing a high degree of convenience to the unitholders.

### c) Investor Service through personal meetings

An Investor Relations personnel of the AMC will be available every business day during normal official hours of the AMC for personal meeting with any unitholder. The purpose of this facility is to attend to any query related to investment needs of a unitholder, resolve any unitholder service related queries and to provide such other services that the unitholder desires. Adequate sitting space has been provided for the unitholders to meet with the Investor Relations Manager and discuss service related matters in the AMC office.

### d) Investor Service through Telecommunications

The Fund intends to implement activation of rendering fund information through the telephone at select centres. Reasonable procedures need to be followed to assure that instructions from unitholders are genuine. The unitholder would be liable for the loss resulting from a fraudulent telephone instruction that the Fund reasonably believed as genuine. The procedures include: Telephone identification number; recording all telephone instructions, requesting personnel identification information (name, phone number, I.T. permanent account number; birth date etc.) and sending written confirmation to the unitholders address of record. The Fund reserves the right to refuse telephone instructions to certain unitholders.

### e) Investor Relations Officer

Mr. Murali Ramasubramanian is the Investor Relations Officer and can be contacted at the office of the AMC, the present address being as follows:

Deutsche Asset Management (India) Private Limited  
2nd Floor, 222 Kodak House, Dr. D. N. Road,  
Fort, Mumbai 400 001.  
Telephone: 022-66584305  
Fax : 022 22074411  
Email: dws.mutual@db.com

### f) Investor Service Standards

The Fund shall endeavor to adhere to the following time schedules from date of receipt on an ongoing basis provided the unitholder furnishes the Mutual Fund with all the required correct and complete supporting legal / other documents.

Service	Standard	Maximum
Redemption	Within 3 Business Days	Within 10 Business Days
Cheque Mailing		
Updated Account Statement	Within 5 Business Days	Within 30 Business Days
Purchase intimations	Within 3 Business Days	Within 30 Business Days
Address Change	Within 10 Business Days	Within 10 Business Days
Ownership Transmission	Within 30 Business Days	Within 30 Business Days

The above-mentioned time Schedule does not include postal transit time.

### g) Investment Grievances Redressal Mechanism

The Fund will follow-up with Investor Service Centres and the Registrar on complaints and inquiries received from investors with an endeavor to resolve them promptly. The fund will also keep a track of complaints received and resolved periodically.

The above is not an exhaustive details of services that the Fund endeavors to provide. As stated earlier the Fund shall constantly strive to add more services & upgrade them for the convenience of the unitholders.

### Details of Queries and Complaints received and Resolved during January 2003 to January 2007

Description	No. of Queries Recd.	Resolved				Pending
		T	T+1	T+2	>T+2	
Change of Address	2108	0	1482	559	67	0
Change of Bank Details	1620	0	1140	432	48	0
SEBI Referral	1	0	1	0	0	0
Client Referral	0	0	0	0	0	0
Stock Exchange Referral	0	0	0	0	0	0
Agent Queries	0	0	0	0	0	0
Non Receipt of Dividend	58	7	5	10	36	0
Revalidation of Dividend	207	0	0	17	190	0
Non Receipt of A/c statement	57	8	37	8	4	0
Non Receipt of Redemption warrant	29	9	5	7	8	0
Revalidation of Redemption warrant	10	0	4	6	0	0
Non encashment of Redemption warrant	0	0	0	0	0	0
Miscellaneous	3442	42	1284	926	290	0
<b>Total</b>	<b>7532</b>	<b>66</b>	<b>4858</b>	<b>1965</b>	<b>643</b>	<b>0</b>

Note: Miscellaneous includes:

1. Request for Nominations
2. Request for procedures of Redemption / switch etc
3. Addition and deletion of Joint holders / Nominees
4. Change of Name due to marriage / divorce etc. / Transmission
5. Change of Dividend Option
6. Pledge / Lien
7. Consolidation of accounts
8. Email, Date of Birth, PAN, Circle, Bank Details and Contact Person - Mailer

### Compliance Officer

Ms. Hemanti Wadhwa, is the Compliance Officer of the AMC. She can be contacted at the Corporate office of the AMC, presently at:

Deutsche Asset Management (India) Pvt. Limited,  
2nd Floor, 222 Kodak House, Dr. D. N. Road,  
Fort, Mumbai 400 001  
(Phone: +91 6658 4600, Fax: +91 22 207 4411)

## IX. Taxation

THE INFORMATION SET FORTH BELOW IS BASED ON THE MUTUAL FUND'S UNDERSTANDING OF THE TAX LAWS PREVAILING AS OF DATE OF THIS OFFER DOCUMENT. CONSIDERING THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO HIM OR HER.

The information set out below outlines the tax implications with respect to the Unitholders of the Scheme and with respect to the Mutual Fund and is based on relevant provisions of the Indian Income Tax Act, 1961 and Wealth Tax Act, 1957 as on April 21, 2006.

Since the information below is based on the relevant provisions as on April 21, 2006 any subsequent changes in the relevant provisions could affect tax implications.

### A. For the Unitholders

1. Income from the Mutual Fund received by Unitholders would be tax free in the hands of the Unitholders as per the provisions of section 10(35) of the Income-tax Act, 1961 ('Act').
2. Under Section 2(29A) of the Act, read with section 2(42A) of the Act, a unit of a Mutual Fund is treated as a long term capital asset if the same is held for more than 12 months. If the unit is held for 12 months or less, the same is treated as a short term capital asset.
3. As per section 10(38) of the Act, long term capital gain arising from the sale of a unit of an equity oriented fund is exempt from tax. However, at the time of sale of units (redemption) the unitholder will have to pay a Securities Transaction Tax (STT) of 0.2% on the value of redemption. As per the Finance Act, 2006, the STT is increased to 0.25% w.e.f June 1, 2006. Further, income by way of long term capital gains of a company would be taken into account in computing the book profit and Minimum Alternate Tax payable u/s 115JB.

For this purpose an equity oriented fund is a fund where the investible funds are invested in equity shares of domestic companies to the extent of more than 50% of the total proceeds of such fund. As per the Finance Act, 2006, minimum investment by equity oriented funds in equity shares of domestic companies is increased to 65% w.e.f June 1, 2006.

4. Long term capital gains on sale of units (other than equity oriented scheme), will be taxed under section 112 of the Act. Under Section 112 of the Act, capital gains arising on the transfer of long term capital assets are subject to tax at the rate of 20%. The capital gains will be computed by deducting the expenditure incurred wholly and exclusively in connection with such transfer and the cost as inflated indexed cost of acquisition of the unit from the sale consideration. However, the maximum tax payable on long term capital gains on units is restricted to 10% of capital gains calculated without indexation of the cost of acquisition.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax (Rs.100,000 in case of all individuals, Rs. 135,000 in case of women and Rs.185,000 in case of senior citizens), the long term capital gains shall be reduced to the extent of the shortfall and only the balance long term capital gains will be subject to the flat rate of taxation.

In addition to the aforesaid tax, in the case of an individuals, HUFs or Association of Persons (AOP), where the income exceeds Rs. 10,00,000 a surcharge of 10%, in the case of companies and artificial juridical persons a surcharge of 10%, and in case of foreign companies a surcharge of 2.5% of such tax liability is also payable. A 2% education cess on total income tax (including surcharge) is payable by all categories of taxpayers.

5. As per section 111A of the Act, short term capital gain arising from the sale of a unit of an equity oriented fund is taxable at the rate of 10%. However, at the time of sale of units (redemption) the unitholder will have to pay STT of 0.2% on the value of redemption. As per the Finance Act, 2006, the STT is increased to 0.25% w.e.f June 1, 2006.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at clause 4 above would also apply to such short term capital gains.

6. Short term capital gains arising from transfer of units (other than units of equity oriented scheme) to a unitholder will be taxed at the normal rate applicable to that unitholder as per the provisions of the Act.



The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at clause 4 above would also apply to such short term capital gains.

7. The capital loss resulting from sale of units would be available for setting off against other capital gains made by the investor and would reduce the tax liability of the investor to that extent. However, losses on transfer of long term capital assets would be allowed to be set-off only against gains from transfer of long-term capital assets and the balance long-term capital loss shall be carried forward separately for a period of eight assessment years to be set off only against long-term capital gains.
8. Where the units are treated as stock in trade and the profits arising from the sale of units are taxed under the head "Profits & Gains of business or profession", an amount equal to the Securities Transaction Tax paid by the unitholder can be claimed as a rebate from the tax payable on the income from such sale of units by virtue of the provisions of section 88E of the Act. No deduction would be allowed for Securities Transaction Tax while calculating capital gains.
9. Where a person buys any units within a period of three months before the record date and sells such units within nine months after such date, the dividend income on such units being exempt from tax, then the capital loss, if any, on such sale to the extent of dividend income cannot be set off against other gains.
10. Where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells the original units within a period of nine months from the record date and continues to hold the bonus units, then the loss incurred on the original units shall not be allowed to be set off against other profits but shall be deemed to be the cost of the bonus units.
11. The long term capital gains on transfer of units (other than units of equity oriented scheme) would be exempt from tax under Section 54EC and Section 54ED subject to conditions prescribed in these sections. These sections require investments in specified bonds or specified capital issue. However, if the amount invested is less than the capital gains realized, only proportionate capital gains would be exempt from tax. Further, the benefit of section 54ED would not be available for capital gains on transfers after March 31, 2006
12. No deduction of tax at source shall be made from income credited or paid by a mutual fund to a unitholder.
13. As per circular no. 715 dated August 8, 1995 issued by the CBDT in case of resident Unitholders, no tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units.
14. Under Section 195 of the Act in case of schemes other than equity oriented scheme, the Mutual Fund required to deduct tax at source at the rate of 20% on any long term capital gains chargeable to tax if the payee Unitholder is a non resident. In respect to short-term capital gains, tax is required to be deducted at source at the rate of 10% if the payee Unitholder is a non-resident non-corporate or a foreign company. Further, the aforesaid tax to be deducted is required to be increased by a surcharge as summarized in clause 4 above.

In case the Unitholder is entitled to the benefit of a lower rate available under a Double Taxation Avoidance Agreement, the Unitholder will be required to provide the Mutual Fund with a certificate obtained from his Assessing Officer stating his eligibility for the lower rate.

15. Mutual Fund units are exempt from wealth tax.

#### **B. For the Mutual Fund**

1. Deutsche Mutual Fund is a Mutual Fund registered with SEBI and as such is eligible for benefits under Section 10(23D) of the Act. Accordingly, its entire income is exempt from tax.
2. Mutual Funds are required to pay distribution tax on income distributed by it at the rate of 14.025% in the case of distributions to individuals and HUFs. An increased rate of 22.44% is applicable for distributions made to persons other than an individual or a HUF.
3. No distribution tax is payable by an open ended equity oriented fund. As per the Finance Act, 2006 even the close ended equity oriented funds would not be liable to pay dividend distribution tax w.e.f June 1, 2006.

## **X. Net Asset Value and Valuation of Assets**

### **A) Computation of Net Asset Value**

The NAV of the Units of the Scheme(s) will be computed by dividing the net assets of the Scheme(s) by the number of Units outstanding on the valuation date. The Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such norms as may be prescribed by SEBI from time to time. The broad valuation norms are detailed below:

#### **Traded Securities**

- Securities shall be valued at the last quoted closing price on the stock exchange.
- When the securities are traded on more than one exchange, the securities shall be valued at the last quoted closing price on the exchange where the security is principally traded. It would be left to the AMC to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should however be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded.
- When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange may be used.
- When a security (other than debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to valuation date.
- When a debt security (other than Government Securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used, provided such date is not more than 15 days prior to the valuation date.
- When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of 15 days beginning from the date of purchase.

#### **Thinly Traded Equity / Equity Related Securities**

Thinly traded securities as defined in the Regulations shall be valued in the manner as specified in the guidelines issued by SEBI, as follows:

When trading in an equity / equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lacs (Rupees Five Lakhs Only) and the total volume is less than 50,000 (Fifty Thousand Only) shares, it shall be considered as a thinly traded security and valued accordingly.

For example, if the volume of trade is 1,00,000 and value is Rs. 4,00,000, the share does not qualify as thinly traded. Also if the volume traded is 40,000, but the value of trades is Rs. 6,00,000, the share does not qualify as thinly traded. In order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes / provides the required information along with the daily quotations, the same can be used by the Mutual Fund.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Asset Management Company / Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

#### **Thinly Traded Debt Securities**

Thinly traded securities as defined in the Regulations shall be valued in the manner as specified in the guidelines issued by SEBI, as follows:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no

individual trades in that security in marketable lots (currently Rs. 5 crore) on the principal stock exchange or any other stock exchange.

A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

#### Non Traded Securities

- When a security (other than Government Securities) is not traded on any stock exchange for a period of 15 days prior to the valuation date, the scrip must be treated as a 'non traded' security.

#### Valuation of Non-Traded / Thinly Traded Securities

Non traded / thinly traded securities shall be valued "in good faith" by the Asset Management Company on the basis of the valuation principles laid down below:

#### Non-traded / Thinly Traded Equity Securities

Based on the latest available Balance Sheet, net worth shall be calculated as follows:

Net Worth per share = [share capital reserves (excluding revaluation reserves) - miscellaneous expenditure and debit balance in P&L A/c] divided by number of paid up shares.

Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.

In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

In case where the latest balance sheet of the company is not available within 9 months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.

#### Non Traded / Thinly Traded Debt Securities of upto 182 Days to maturity

As the money market securities are valued on the basis of amortization (cost plus accrued interest till the end of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) a similar process will be adopted for non-traded debt securities with residual maturity of upto 182 days, in the absence of any other standard benchmarks in the market. In case of a debt security with maturity greater than 182 days at the time of purchase, the last valuation price should be used instead of purchase cost for valuation of the security for the period from 182 days prior to the maturity date. All other non-traded Non Government debt instruments shall be valued using the method suggested below.

#### Non Traded / Thinly Traded Debt Securities of over 182 Days to Maturity

For the purpose of valuation, all non traded debt securities would be classified into "Investment grade" and "Non Investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "Performing" and "Non Performing" assets.

- All non government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described below.
- All non government non-investment grade performing debt securities would be valued at a discount of 25% to the face value.
- All non government non-investment grade non-performing debt securities would be valued based on the provisioning norms.

The approach in valuation of non traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non traded security.

The yields for pricing the non traded debt security would be arrived at using the process as defined below.

- **Step A:** A risk free benchmark yield is built using the government securities (GOI Sec) as the base. GOI Securities are used as the benchmarks as they are traded regularly, free of credit risk and traded across different maturity spectrums every week.
- **Step B:** A matrix of spreads (based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.
- **Step C:** The yields as calculated above are marked-up/marked-down for ill-liquidity risk.
- **Step D:** The yields so arrived are used to price the portfolio.

#### Methodology

Construction of Risk Free Benchmark

Using Government of India dated securities, the benchmark shall be constructed as below:

- Government of India dated securities will be grouped into the following duration buckets viz., 0.5-1 years, 1-2 years, 2-3 years, 3-4 years, 4-5 years, 5-6 years and 6 years and the volume weighted yield would be computed for each bucket. These duration buckets may be changed to reflect the market value more closely by any agency suggested by AMFI giving benchmark yield / matrix of spreads over benchmark yield. Accordingly, there will be a benchmark YTM for each duration bucket.
- The benchmark as calculated above will be set at least weekly, and in the event of any significant movement of prices of Government securities on account of any event impacting interest rates on any day such as change in the RBI policies, the benchmark will be reset to reflect any change in the market conditions.

**Note:** The concept of duration over tenor has been chosen in order to capture the reinvestment risk. It is intended to gradually move towards a methodology that incorporates the continuous curve approach for valuation of such securities. However, in view of the current lack of liquidity in the corporate bond markets, a continuous curve approach to valuation would be necessarily based on limited data points, and this would result in out of line valuations. As an interim methodology therefore it is proposed that the Duration Bucket approach be adopted and continuously tracked in order to fine-tune the duration buckets on a periodic basis. Over the next few years it is expected that with the deepening of the secondary market trading, it would be possible to make a gradual move from the Duration Bucket approach towards a continuous curve approach.

#### Building a Matrix of Spreads for Marking-up the Benchmark Yield

Mark up for credit risk over the risk free benchmark YTM as calculated in step A, will be determined using the trades of corporate debentures/ bonds of different ratings. All trades on appropriate stock exchange during the fortnight prior to the benchmark date will be used in building the corporate YTM and spread matrices. Initially these matrices will be built only for corporate securities of investment grade. The matrices are dynamic and the spreads will be computed every week. The matrix will be built for all duration buckets for which the benchmark GOI matrix is built to effectively link the corporate matrix with the GOI securities matrix. Accordingly:

- All traded paper (with minimum traded value of Rs. 1 crore) (Rupees One Crore Only) will be classified by their ratings and grouped into 7 duration buckets; for rated securities, the most conservative publicly available rating will be used;
- For each rating category, average volume weighted yield will be obtained both from trades on the appropriate stock exchange and from the primary market issuances;
- Where there are no secondary trades on the appropriate stock exchange in a particular rating category and no primary market issuances during the fortnight under consideration, then trades on appropriate stock exchange during the 30 days period prior to the benchmark date will be considered for computing the average YTM for such rating category;
- If the matrix cannot be populated using any or all of the above steps, then credit spreads from trades on appropriate stock exchange of the relevant rating category over the AAA trades will be used to populate the matrix;

- In each rating category, all outliers will be removed for smoothening the YTM matrix;
- Spreads will be obtained by deducting the YTM in each duration category from the respective YTM of the GOI securities;
- In the event of lack of trades in the secondary market and the primary market the gaps in the matrix would be filled by extrapolation. If the spreads cannot be extrapolated for the reason of practicality, carrying the spreads from the last matrix will fill the gaps in the matrix.

#### Mark-up / Mark-down Yield

The Yields calculated would be marked-up/marked-down to account for the ill-liquidity risk, promoter background, finance company risk and the issuer class risk. As the level of ill-liquidity risk would be higher for non rated securities the marking process for rated and non rated securities would be differentiated as follows:

#### Adjustments for Securities rated by External Rating Agencies

The Yields so derived out of the above methodology could be adjusted to account for risk mentioned above by an appropriate discount or premium as may be required. The range of the markups for both discount as well as premium is given below:

#### Premium

A Discretionary premium of up to -50 Basis Points for securities having a duration of up to 2 years and up to 25 Basis Points for securities having duration higher than 2 years will be permitted to be provided for the above mentioned types of risks. The rationale for the above discount structure is to take cognizance of the differential interest rate risk of the securities. This structure will be reviewed periodically.

#### Discount

SEBI vide circular dated 20 February, 2002, has revised the discretionary discount limits as below:

Category	Discretionary discount over benchmark yield in basis points
Rated Instruments with duration up to 2 years	Discretionary Discount of up to +100
Rated Instruments with duration over 2 years	Discretionary Discount of up to +75

#### Adjustments for Internally Rated Securities

To value an unrated security, the fund manager has to assign an internal credit rating, which will be used for valuation. Since unrated instruments tend to be more illiquid than rated securities, the yields would be mandatorily marked up by adding +50 basis point for securities having a duration of up to two years and +25 basis point for securities having duration of higher than two years to account for the illiquidity risk.

The yields derived from the above methodology could be adjusted to account for risk mentioned above. SEBI vide circular dated 20 February, 2002, has revised the discretionary discount limits as below:

Category	Discretionary discount over benchmark yield in basis points
Unrated Instruments with duration up to 2 years	Discretionary Discount of up to +50 over and above the mandatory Discount of +50
Unrated Instruments with duration over 2 years	Discretionary Discount of up to +50 over and above the mandatory Discount of +25

The benchmark yield / matrix of spreads over benchmark yield obtained from any agency suggested by AMFI as a provider of benchmark yield/matrix of spreads over benchmark yield to mutual funds, must be applied for valuation of securities on the day on which the benchmark yield/matrix of spreads over benchmark yield is released by the aforesaid agency.

#### Valuation of Securities with Put / Call options

The option embedded securities would be valued as follows:

#### Securities with Call option

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

#### Securities with Put option

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

#### Securities with both Put and Call option on the same day

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

#### Government Securities

Government securities will be valued as per the prices for Government Securities released by an agency suggested by AMFI for the sake of uniformity in calculation of NAVs.

#### Fixed Income and Money Market Securities

- Debt instruments shall generally be valued on a yield to maturity basis on the basis of the capitalization factor for comparable traded securities and with an appropriate discount for a lower liquidity.
- While investments in call money, bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual; other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, instruments not traded for a period of 7 days will be valued at cost plus interest accrued till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments.

#### Value of "Rights" entitlement

- Until they are traded, the value of the "rights" entitlement would be calculated as:  

$$V_r = n/m \times (P_{ex} - P_{of})$$
where  
 $V_r$  = Value of rights  
 $N$  = no. of rights Offered  
 $M$  = no. of original shares held  
 $P_{ex}$  = Ex-Rights price  
 $P_{of}$  = Rights Offer price
- Where the rights are not traded pari-passu with the existing shares, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value.

#### Valuation of "Repo"

Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation.

#### Valuation of unlisted Equity Shares

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:

- Based on the latest available audited balance sheet, net worth shall be calculated as lower of the following:
- Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.
- After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be =

[share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/ exercise of Outstanding Warrants and Options}

The lower of the above shall be used for calculation of net worth per share and for further calculation to arrive at the fair value per share as stated below.

- Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
- The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.

The above methodology for valuation shall be subject to the following conditions:

- All calculations as aforesaid shall be based on audited accounts.
- In case where the latest balance sheet of the company is not available within 9 months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- If the net worth of the company is negative, the share would be marked down to zero.
- In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.

At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

### Valuation of Convertible Debentures and Bonds

In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component shall be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument, which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional will also be factored in.

### Valuation of Warrants

In respect of warrants to subscribe for shares attached to instruments, the warrants shall be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures (as referred in valuation of convertible debentures and bonds above) shall be deducted to account for the period which must elapse before the warrant can be exercised;

### Valuation of Derivative Products

- The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Regulations.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Regulations.

### Expenses and Incomes Accrued

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, major expenses like management fees and other periodic expenses would be accrued on a day to day basis. The minor expenses and income will be accrued on a periodic basis, provided the non-daily accrual does not affect the NAV calculations by more than 1%.

### Changes in Securities and in number of Units

Any changes in securities and in the number of Units will be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible, given the frequency of NAV disclosure, the recording may be delayed up to a period of 7 days following the date of the transaction, provided as a result of such non recording, the NAV calculation shall not be affected by more than 1%.

In case the Net Asset Value of a Scheme differs by more than 1%, due to non - recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

- If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the Scheme.
- If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, asset management company shall pay the difference in amount to the Scheme. The asset management company may recover the difference from the investors."

The valuation guidelines as outlined above are as per prevailing Regulations and are subject to change from time to time in conformity with changes made by SEBI.

SEBI has issued vide circular no. MFD/CIR/8/92/2000 dated September 18, 2000 as amended by SEBI Circular dated March 28, 2001 and February 20, 2002 (i) Guidelines for Valuation of Securities; and (ii) Guidelines for Identification and Provisioning of Non-performing Assets (NPAs) (Debt Securities) for Mutual Funds. These guidelines are supplementary to the provisions specified in Eighth Schedule to SEBI (Mutual Funds) Regulations. The Fund will follow the guidelines presently applicable and as may be amended from time to time.

Guidelines for Identification and Provisioning of Non-performing Assets (Debt Securities) for Mutual Funds as specified by SEBI Circular are as follows:

#### (A) Definition of a Non Performing Asset (NPA)

An 'asset' shall be classified as non performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income/ installment has fallen due.

#### (B) Effective date for classification and provisioning of NPAs

The definition of NPA may be applied after a quarter past due date of the interest. e.g. if the due date for interest is 30.06.2000, it will be classified as NPA from 01.10.2000.

#### (C) Treatment of income accrued on the NPA and further accruals

- After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset i.e. if the due date for interest falls on 30.06.2000 and if the interest is not received, accrual will continue till 30.09.2000 after which there will be no further accrual of income. In short, taking the above example, from the beginning of the 2nd quarter there will be no further accrual on income.
- On classification of the asset as NPA from a quarter past due date of interest, all interest accrued and recognized in the books of accounts of the Fund till the date, should be provided for. e.g if interest income falls due on 30.06.2000, accrual will continue till 30.09.2000 even if the income as on 30.06.2000 has not been received. Further, no accrual will be done from 01.10.2000 onwards. Full provision will also be made for interest accrued and outstanding as on 30.06.2000.

#### (D) Provision for NPAs - Debt Securities

- Both secured and unsecured investments once they are recognized as NPAs call for provisioning in the same manner and where these are related to close ended scheme the phasing would be such that to ensure full provisioning prior to the closure of the scheme or the scheduled phasing which ever is earlier.

- The value of the asset must be provided in the following manner or earlier at the discretion of the fund. Fund will not have discretion to extend the period of provisioning. The provisioning against the principal amount or installments should be made at the following rates irrespective of whether the principal is due for repayment or not.
- 10% of the book value of the asset should be provided for after 6 months past due date of interest i.e. 3 months from the date of classification of the asset as NPA.
- 20% of the book value of the asset should be provided for after 9 months past due date of interest i.e 6 months from the date of classification of the asset as NPA.
- Another 20% of the book value of the assets should be provided for after 12 months past due date of interest i.e 9 months from the date of classification of the asset as NPA.
- Another 25% of the book value of the assets should be provided for after 15 months past due date of interest i.e. 12 months from the date of classification of the asset as NPA.
- The balance 25% of the book value of the asset should be provided for after 18 months past due date of the interest i.e 15 months from the date of classification of the assets as NPA.
- Book value for the purpose of provisioning for NPAs shall be taken as a value determined as per the prescribed valuation method.

This can be explained by an illustration:

Let us consider that interest income is due on a half yearly basis and the due date falls on 30.06.2000 and the interest is not received till 1st quarter after due date i.e. 30.09.2000. This provisioning will be done in following phased manner:

10% provision	01.01.2001	6 months past due date of interest i.e 3 months from the date of classification of asset as NPA (01.10.2000)
20% provision	01.04.2001	
20% provision	01.07.2001	
25% provision	01.10.2001	
25% provision	01.01.2002	

Thus, 1 1/2; years past the due date of income or 1 1/4; year from the date of classification of the 'asset' as an NPA, the 'asset' will be fully provided for. If any installment is fallen due, during the period of interest default, the amount of provision should be installment amount or above provision amount, whichever is higher.

#### (E) Reclassification of assets

Upon reclassification of assets as 'performing assets':

1. In case a company has fully cleared all the arrears of interest, the interest provisions can be written back in full.
2. The asset will be reclassified as performing on clearance of all interest arrears and if the debt is regularly serviced over the next two quarters.
3. In case the company has fully cleared all the arrears of interest, the interest not credited on accrual basis would be credited at the time of receipt.
4. The provision made for the principal amount can be written back in the following manner: -
  - 100% of the asset provided for in the books will be written back at the end of the 2nd quarter where the provision of principal was made due to the interest defaults only.
  - 50% of the asset provided for in the books will be written back at the end of the 2nd quarter and 25% after every subsequent quarter where both installments and interest were in default earlier.
5. An asset is reclassified as 'standard asset' only when both overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

#### (F) Receipt of past dues

When the fund has received income/principal amount after their classifications as NPAs;

- For the next 2 quarters, income should be recognized on cash basis and thereafter on accrual basis. The asset will be continued to be classified as NPA for these two quarters.
- During this period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding.
- If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set at (D) above. Any excess provision will be written back.

#### (G) Classification of Deep Discount Bonds as NPAs

Investments in Deep Discount Bonds can be classified as NPAs, if any two of the following conditions are satisfied:

- If the rating of the Bond comes down to grade 'BB' or below.
- If the company is defaulting in their commitments in respect of other assets, if available.
- Full Net worth erosion.

Provision should be made as per the norms set at (D) above as soon as the asset is classified as NPA.

Full provision can be made if the rating comes down to grade 'D'

#### (H) Reschedulement of an asset

In case any company defaults either interest or principal amount and the fund has accepted a reschedulement of the schedule of payments, then the following practice may be adhered to:

- i. In case it is a first reschedulement and only interest is in default, the status of the asset namely, 'NPA' may be continued and existing provisions should not be written back. This practice should be continued for two quarters of regular servicing of the debt. Thereafter, this be classified as 'performing asset' and the interest provided may be written back.
- ii. If the reschedulement is done due to default in interest and principal amount, the asset should be continued as non-performing for a period of 4 quarters, even though the asset is continued to be serviced during these 4 quarters regularly. Thereafter, this can be classified as 'performing asset' and all the interest provided till such date should be written back.
- iii. If the reschedulement is done for a second/third time or thereafter, the characteristic of NPA should be continued for eight quarters of regular servicing of the debt. The provision should be written back only after it is reclassified as 'performing asset'.

#### (I) Disclosure in the Half Yearly Portfolio Reports

The mutual funds shall make scrip wise disclosures of NPAs on half yearly basis along with the half yearly portfolio disclosure.

The total amount of provisions made against the NPAs shall be disclosed in addition to the total quantum of NPAs and their proportion of the assets of the mutual fund scheme. In the list of investments an asterisk mark shall be given against such investments which are recognized as NPAs. Where the date of redemption of an investment has lapsed, the amount not redeemed shall be shown as 'Sundry Debtors' and not investment provided that where an investment is redeemable by installments that will be shown as an investment until all installments have become overdue.

#### NAV of Units under the Scheme shall be calculated as shown below

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments (+)} - \text{Current Assets(-) Current Liabilities and Provisions}}{\text{No. of Units outstanding under Scheme}}$$

The first NAV will be calculated and announced not later than 30 days from the close of the NFO. Subsequently, the NAV of the Scheme will be calculated every Wednesday upto 4 decimal places and announced by the fund on each Wednesday. The valuation of the Scheme' assets and calculation of the Scheme' NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

## B) Accounting Policies & Standards

In accordance with the Regulations, the AMC will follow the accounting policies and standards, as detailed below:

- The AMC, for each Scheme, shall keep and maintain proper books of accounts, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of the Fund.
- For the purposes of the financial statements, the Fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provisions shall be made for exclusion of this item when arriving at distributable income.
- In respect of all interest-bearing investments, income shall be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- In determining the holding cost of investment and the gains or loss on sale of investments, the "average cost" method shall be followed.
- Transaction for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- Where income receivable on investments has accrued but has not been received for the period as specified in the SEBI guidelines for identification and provisioning for NPAs (referred to in clause 8 above), provision shall be made by debiting to the revenue account the income so accrued in the manner specified in the SEBI guidelines for identification and provisioning for NPAs (referred to in clause 8 above). Insofar as provision for the principal amount is concerned, the same shall be provided as specified in the aforesaid guidelines. No further accrual of income should be made in respect of such investments.
- When Units are sold, the difference between the sale price and the face value of the Unit, if positive, shall be credited to reserves and if negative, shall be debited to reserves, the face value being credited to the Capital Account. Similarly, when Units are repurchased, the difference between the Purchase Price and face value of the Unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.
- When Units are sold an appropriate part of the sale proceeds shall be credited to an Equalisation Account and when Units are repurchased an appropriate amount shall be debited to Equalisation Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall therefore be reflected in the Revenue Account only after the net income of the Fund is determined.
- The cost of investments acquired or purchased shall include all such costs incurred for effecting such acquisition / purchase. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

The accounting policies and standards as outlined above are as per the existing Regulations and are subject to changes made from time to time by AMC and/or Trustees. However such changes would be in conformity with the Regulations.

## XI. Other Matters

### A) Transactions with the Sponsors / Associates

#### Investment in Group Companies

The AMC has invested in following securities of Associates Companies/Group Companies since inception till September 2006

Name of the Associate / Group Company	Name of the Scheme (Rs. in Crores)				
	DPBF	DSMF	DICPF	DFRF	FTPS8
Kotak Mahindra Bank (Associate Co.)					
Fixed Deposit	-	5	249	64	-
Corporate Debt	-	5.2	20	-	-
Uco Bank (Associate Co.)					
Fixed Deposit	-	-	-	-	-
Corporate Debt	-	-	-	-	1.87

#### Underwriting Obligations with respect to issues of Associate Companies

The AMC has till date, not entered into any underwriting contracts in respect of any public issue made by any of its associate companies.

#### Subscription in issues lead managed by the Sponsor or any of its Associates

The Mutual Fund has not subscribed for allotments in any issues lead managed by the Sponsor or any of its associates except for the Initial Public Offering of Jet Airways (India) Limited wherein Deutsche Equities (India) Pvt. Ltd. was one of the book running lead managers to the issue.

#### Dealing with Associate Companies

The AMC may from time to time, for the purpose of conducting its normal business, use the services (including brokerage services and securities transactions) of the Sponsor, its subsidiaries, associates of the Sponsor and employees or relatives. The associates of the Sponsor on the date of this Offer Document are:

Deutsche Bank  
 Deutsche Trustee Services (India) Pvt. Ltd.  
 Deutsche Network Services Pvt. Ltd.  
 Deutsche Securities (India) Pvt. Ltd.  
 Comfund Consulting Ltd.  
 Deutsche Equities (India) Pvt. Ltd.  
 Deutsche India Holdings Pvt. Ltd.  
 Deutsche Investments India Private Ltd.

The AMC may utilise the services of Sponsor, Group Companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, in case such a company (including employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including employees or relatives) on commercial terms and on arms' length basis and at mutually agreed terms and conditions to the extent permitted under the SEBI Regulations, after evaluation of the competitiveness of the pricing offered by the Sponsor, associate companies (including employees or relatives) and the services to be provided by them.

#### Associates & Group Companies as Distributors -

The AMC has utilised the services of its associates namely, Deutsche Bank and Kotak Mahindra Bank as Distributors for procuring Unit subscriptions for units of DWS Alpha Equity Fund, DWS Investment Opportunity Fund, DWS MIP Fund, DWS Premier Bond Fund, DWS Short Maturity Fund, DWS Dynamic Bond Fund, DWS Floating Rate Fund, DWS Insta Cash Plus Fund, DWS Money Plus Fund, DWS Tax Saving Fund and DWS Fixed Term Fund Series. The fees and commission payable were at the same rates offered to other distributors by the scheme(s). Further, the AMC also dealt with Deutsche Equity (India) Private Limited as secondary market broker in the Equity segment. The brokerage paid to the associate is at the same rate offered to other brokers in the segment.

## Amount Paid / payable to Associates

Amount Paid / payable to Associates since inception till March 2006 :  
(Amt. in Lacs)

Particulars	DPBF	DICPF	DDBF	DAEF	DFRF	DIOF	DMIPF-A	DMIPF-B	DMPF	DSMF	DTSF	DFTF	DFTF-7	DFTF-6	DFTF-4
Deutsche Bank	33.69	54.46	2.80	79.71	22.18	42.17	7.80	5.89	2.20	72.53	0.26	2.62	0.52	2.09	0.21
Kotak Mahindra Bank	7.05	10.16	0.09	10.54	1.20	8.41	0.37	0.13	0.01	7.76	0.01	1.00	0.11	0.09	0.00

Amount paid / payable to Associates during the half-year ended September 30, 2006 :

Particulars	DPBF	DDBF	DSMF	DFRF	DICPF	DMIPF-A	DMIPF-B	DAEF	DMPF	DIOF	DTSF	DFTF-4	DFTF-5	DFTF-6	DFTF-7	DFTF-8	DFTF-9	DFTF-10	DFTF-11	DFTF-14
Deutsche Equity India Private Ltd.	-	-	-	-	-	-	-	6.29	-	0.19	0.80	-	-	-	-	-	-	-	-	-
Kotak Mahindra Bank	0.02	-	0.00	0.00	1.14	0.01	0.00	2.76	0.69	0.01	0.22	-	0.02	-	-	-	-	-	-	-
Deutsche Bank	0.04	-	1.65	3.27	6.39	0.50	0.32	20.26	14.83	0.07	4.84	-	2.98	-	-	0.59	4.30	0.02	0.00	0.61

Associate transactions, if carried out, will be as per the SEBI Regulations and the limits prescribed thereunder. The Scheme(s) shall not make any investment in:

- Any unlisted security of an associate or group company of the Sponsor
- Any security issued by way of private placement by an associate or group company of the Sponsor
- The listed securities of group companies of the Sponsor which is in excess of 25% of the net assets.

### Deutsche branches to act as Investor Service Centres

The AMC may avail the services of the Sponsor and / or its associates for usage of designated branches as Investor Service Centres and/or to act as collection and distribution agents. The Sponsor / associates shall be paid a fee based on the quality of services rendered. These fees shall be debited to the Scheme(s), subject to SEBI Regulations.

### B) Policy on Offshore Investments by the Scheme

Offshore investments will be made subject to any / all approvals, conditions thereof as may be stipulated by SEBI / RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian / sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

At present, the scheme does not intend to make any investment in foreign securities. In case it is desired to invest in foreign securities then the same would be done after taking appropriate approvals from SEBI.

### C) Borrowing by Mutual Fund

Under the Regulations, the Fund is allowed to borrow to meet its temporary liquidity needs of the Scheme for the purpose of repurchase, redemption of units or payment of interest or dividend to the Unit Holders. Further, as per Regulations, the Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months.

Unitholders should however note that in the normal course of the Fund's operations there might be occasional instances of overdraft in the collection account due to dishonor of cheque deposited by an

Investor. Since this unusual instance cannot be apprehended in advance the AMC will endeavor to normalize the account within 1 business day and AMC will also bear the cost incurred on such inadvertent overdraft without affecting the Investors of the Fund.

### D) Inter-Scheme Transfers

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if:

- such transfers are done at the prevailing market price for quoted instrument on spot basis; and transfers of unquoted securities will be made as per the policy laid down by the Trustee from time to time; and
- the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

The Fund does not ordinarily envisage making inter-scheme transfers under the Scheme. However, if such inter-scheme transfers are done they will be effected based on the prescribed valuation norms, which may be amended by the AMC and / or Trustees from time to time.

### E) Underwriting by a Scheme

In order to generate additional income, the Scheme may enter into underwriting commitments for primary issues. In terms of the guidelines issued by SEBI, the Mutual Fund may make, but has not yet made, an application to SEBI for registration under SEBI (Underwriters) Rules and Regulations, 1993.

In this connection, once granted permission by SEBI, a Scheme will be subject to the following underwriting restrictions :

For the purposes of Regulation 7, of the SEBI (Underwriters) Regulations, the capital adequacy of the Mutual Fund shall be the net assets of the Scheme as applicable.

The total underwriting obligations of the Mutual Fund at any time shall not exceed the total net asset value of the Scheme.

Any Underwriting commitment by the Mutual Fund will be made as if the Mutual Fund is actually investing the amount under the Scheme. Accordingly, all investment restrictions and prudential guidelines related to investments individually and in aggregate pursuant to the SEBI (MF) Regulations, 1996, insofar as they may be applicable, shall apply to underwriting obligations, which may be undertaken by the Scheme.

No underwriting commitment may be undertaken in respect of any Scheme during the period of six months prior to the redemption of the Scheme.

Underwriting commitments, if any, undertaken by the Scheme must be in accordance with the investment objectives of the Scheme.

## F) Disclosure under Regulation 25(11)

### Disclosure under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by schemes of Deutsche Mutual Fund in the Company / subsidiary	Aggregated for the period under Regulation 25(11) At Cost Company / subsidiaries (Rupees in Lakhs)	Outstanding as at December 31, 2006 At Market / Fair Value (Rupees in Lakhs)
Ranbaxy Holding Company	DWS Insta Cash Plus Fund	DWS Money Plus Fund	40,000.00	-
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Floating Rate Fund	1,683.58	-
		DWS Insta Cash Plus Fund	45,204.15	1,410.41
		DWS Money Plus Fund	70,748.36	-
		DWS Short Maturity Fund	2,550.00	49.69
		DWS Fixed Term Fund - Series 17	2,000.00	1,979.42
		DWS Fixed Term Fund - Series 18	1,450.00	1,440.89
		DWS Fixed Term Fund - Series 19	10,000.00	9,955.48
		DWS Fixed Term Fund - Series 2	197.10	-
		DWS Fixed Term Fund - Series 3	1,257.55	-
		DWS Fixed Term Fund - Series 7	4,157.02	-
		DWS Fixed Term Plan	14.08	-
Hindalco Industries Limited	DWS Money Plus Fund	DWS Alpha Equity Fund	416.46	-
		DWS Tax Saving Fund	120.94	-
Hindustan Lever Limited	DWS Fixed Term Fund - Series 22	DWS Alpha Equity Fund	725.21	400.62
		DWS Investment Opportunity Fund	12.22	-
Hindustan Zinc Limited (Is A Subsidiary of Sterlite Industries )	DWS Fixed Term Fund - Series 20	DWS Alpha Equity Fund	170.99	-
		DWS Tax Saving Fund	77.25	49.42
Wipro Limited	DWS Money Plus Fund	DWS Tax Saving Fund	127.27	-
ITC Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,111.34	821.48
		DWS Investment Opportunity Fund	9.45	44.87
		DWS Tax Saving Fund	274.99	192.67

The above investments comprise equity shares, debentures / bonds, commercial paper and other debt instruments.

These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income/ money market instruments and in case of equity shares because of attractive valuations of these companies.

## G) Other business activity of the AMC

The asset management company has commenced the advisory activity to offshore and onshore fund / entity. The advice provided by the asset management company is non discretionary and is therefore not binding on the client. AMC has obtained necessary approval from SEBI as required under regulation 24(2) before commencement of the activity. The AMC hereby confirms that the advisory activity is not in conflict with fund management activity of the company. Further, the AMC has received the no objection from SEBI to render advisory services to other offshore funds and Insurance Companies.

## H) General Information

### 1) Power to make Rules

Subject to the Regulations, the Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to a Scheme with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

### 2) Power to remove Difficulties

If any difficulties arise in giving effect to the provisions of a Scheme, the Trustee may, subject to the Regulations, do anything not inconsistent with such provisions, which appears to it to be necessary, desirable or expedient, for the purpose of removing such difficulty.

## 3) Penalties and Pending Litigation

All cases of penalties awarded by SEBI under the SEBI Act or any of its regulations against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company/ Board of Trustees, or any of the directors or key personnel (specifically the fund managers) of the Asset Management Company and Trustee Company.

- NONE

For Sponsor and its associates, other than the penalties as mentioned above, the penalties awarded by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debentureholders and depositors including penalties awarded for any economic offence and violation of any securities laws.

Details of all cases of suspensions and cancellation of certificate of registration (for irregularities / violations in financial services sector or for defaults in respect of share holders, debentureholders and depositors) of the AMC, Trustee Company and sponsor or any associate of the sponsor shall be disclosed for the last 10 years. (Mutual funds having associate companies abroad shall make the above disclosures for foreign and Indian entities separately)

Indian: NONE

## Foreign

Following an inspection from the Financial Service Agency Japan (FSA) Deutsche Trust Bank Limited (DTB), which is largely responsible for the management of public sector Japanese client assets has been inter alia issued an administrative improvement order concerning DTB's internal administration and compliance controls. The FSA has also suspended DTB from taking on new clients for a period of 3 months, effective from May 27, 2004 until August 27, 2004.

Top 10 monetary penalties in case of foreign entities and all monetary penalties in case of Indian entities, imposed against the AMC / Trustee Company / Sponsor or any associate of the sponsor (for irregularities / violations in the financial services sector or for defaults in respect of share holders / debentureholders and depositors, in jurisdiction country as determined in the above clause, by any financial regulatory body or government authority or settlement arrived with any financial regulatory body during the last five years and details thereof :

- The Office of Special Director of Enforcement, Government of India, vide its order dated March 23, 2004 levied a penalty of Rs. 25,00,000 under Section 50 of Foreign Exchange Regulation Act, 1973 in the matter relating to salaries paid abroad in the earlier years. The Bank paid the penalty amount on May 5, 2004. The Bank's management has filed an appeal against the order of the Enforcement Directorate with the Appelatte Tribunal Foreign Exchange, New Delhi - 10th May, 2004.
- Deutsche Bank, India had defaulted in maintenance of Cash Reserve Ratio (CRR) for all fortnights of the quarter ended June 1996 and the first fortnight (ended 5 July 1996) of the quarter ended September 1996. In July 1999, RBI withdrew CRR interest and imposed a penalty of 5,25,000 for default in maintenance of CRR.
- In December 1999, RBI imposed a penalty of 2,17,000 for default in the maintenance of prescribed Statutory Liquidity Ratio (SLR) on 8th and 22nd October, 1999.
- Deutsche Bank has paid 1,00,000 to the Customs Authorities towards fine for Audi Car, in the Assessment year 1999-2000.

## Foreign Entities

### Germany

A fine of DM 4,000,000 pronounced by the Federal Banking Supervisory Office (BAK) on December 29, 1998 against Deutsche Bank for insufficient reporting procedures in its anti-money laundering units.

Another case concerned administrative fines (not sentenced by banking regulators) for errors in reporting statistical information as requested by foreign commerce rules. Such fines were pronounced at seven occasions during the past five years and did not exceed the amount of Euro 50,000 in the aggregate.

A fine of DM 50,000 pronounced by the former Federal Securities Trade Supervisory Agency (BAWe) on August 16, 2001 against Deutsche Bank for insufficient organisation of internal reporting procedures with regard to substantial shareholding disclosure obligations. The decision related to incidents that occurred between 1998 and 2000.

A fine of DM 110,000 pronounced by the former Federal Banking Supervisory Office ("BAK", now "BAFin") against the former Bankers Trust Company Frankfurt branch for late filing of the statutory annual accounts for the financial year 1999.

Due to system deficiencies Deutsche Bank AG and Deutsche Bank 24 AG failed to be in a position to distinguish the individual acting person in online banking transactions in case of joint accounts. The banking supervisory body of Germany (BAFin) imposed a fine of EUR 1,000,000 against both companies (Date: June 13, 2002).

Any pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees / Trustee Company or any of the directors or key personnel is a party.

- NONE

Any pending criminal cases against the Sponsor or any company associated with the Sponsor in any capacity including the AMC,

Board of Trustees/Trustee Company or any of the directors or key personnel.

- NONE

Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the AMC or the Trustee Company which SEBI has specifically advised to be disclosed in the offer document, or which has been notified by any other regulatory agency.

- NONE

Any enquiry / adjudication proceedings under the SEBI Act and the Regulations made thereunder, that are in progress against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity such as the AMC, Board of Trustees/ Trustee Company or any of the Directors or key personnel of the Asset Management Company.

A notice dated 30 June, 2004 issued by SEBI to Deutsche International Trust Corporation (C.I.) Limited (DITC) and DBMGOF (Mauritius) Limited (DBMG) is pending. DITC and DBMGOF have filed their reply to the notice. DITC and DBMGOF are associates of the Sponsor but are not directly associated with the Fund.

The above information has been disclosed in good faith as per the information available to the AMC.

## 4) Scheme to be binding on the Unit Holders

Subject to the Regulations, the Trustee may, from time to time, add or otherwise vary or alter all or any of the features of investment options/Facilities and terms of a Scheme after obtaining the prior permission of SEBI and Unit Holders if required, and the same shall be binding on all the Unit Holders of such Scheme and any person or persons claiming through or under them as if each Unit Holder or such person expressly had agreed that such features, plans and terms shall be so binding.

## 5) Register of the Scheme's Unit Holders

Registers of Unit Holders under the scheme containing necessary particulars will be maintained at the office of the Registrar at Hyderabad and at such other places as the Trustee may decide.

## 6) Website

The AMC proposes to host a website for the benefit of the unitholders and distributors. The website of the Fund/AMC is intended solely for the use of Resident Indians, Non Resident Indians, persons of Indian Origin and Foreign Institutional Investors registered with Securities and Exchange Board of India. The information provided on this Site is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject DeAM India or its affiliates to any registration requirement within such jurisdiction or country. This service does not constitute an offer to sell or a solicitation of an offer to buy any mutual fund units, shares, securities or other instruments to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. It shall be the sole responsibility of foreign residents including NRIs in foreign jurisdictions to verify whether the facility can be accessed and utilised in their respective jurisdictions. The AMC cannot be responsible for any information contained in any website linked from this website.

## 7) Omnibus Clause

Besides the AMC, the Trustee / Sponsor may also absorb expenditures in addition to the limits laid down under Regulation 52.

Further, any amendment / clarification and guidelines including in the form of notes or circulars issued from time to time by SEBI for the operation and management of mutual fund shall be applicable.

## 8) Jurisdiction

The jurisdiction for any matters arising out of this Scheme shall reside with the courts in India.

## 9) Books and Records

The books and records of the Mutual Fund will be maintained at its Head Office. The fiscal year of the Mutual Fund ends on 31st March in each year.

## 10) Documents available for Inspection

Copies of the following documents will be available for inspection by the Unit Holders during the New Fund Offer period on all Business Days between 10 a.m. and 3 p.m. at the Registered Office of the AMC at 2nd Floor, 222 Kodak House, Dr. D. N. Road, Fort, Mumbai 400 001.

- Copy of Memorandum and Articles of Association of the Trustee Company and the AMC.
- Copy of the Custodian Agreement between the Trustee and JP Morgan.
- Copy of the Investment Management Agreement.
- Copy of the Trust Deed.
- Copy of Mutual Fund Registration Certificate No. MF/047/02/10, 2002 dated October 28, 2002 from SEBI.
- Consent of the Auditors to act in the said capacity.
- Copy of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- Copy of Indian Trust Act, 1882.

NOTWITHSTANDING ANYTHING CONTAINED IN THE OFFER DOCUMENT, THE PROVISIONS OF THE SEBI (MUTUAL FUNDS) REGULATIONS, 1996 AND THE GUIDELINES THEREUNDER SHALL BE APPLICABLE.

FOR DEUTSCHE ASSET MANAGEMENT (INDIA) PVT. LTD.  
Investment Managers to Deutsche Mutual Fund

Sd/-

Vijai Mantri  
*Chief Executive Officer*

Place: Mumbai  
Date: February 15, 2007

Sd/-

Hemanti Wadhwa  
*Compliance Officer &  
Company Secretary*

## Due Diligence Certificate

It is confirmed that:

- The draft Offer Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.
- The disclosures made in the Offer Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the proposed Scheme.
- The intermediaries named in the Offer Document are registered with SEBI and till date such registration is valid.

### For Deutsche Asset Management (India) Private Limited

(Investment Manager to Deutsche Mutual Fund)

Sd/-

Vijai Mantri  
*Chief Executive Officer*

Place: Mumbai  
Date: February 15, 2007

### Note:

- The Offer Document was approved by the Trustees on February 13, 2007.
- The Due Diligence Certificate as stated above was submitted to SEBI on February 19, 2007.

## Official Points for Accepting Transactions

### Karvy Investor Service Centres

#### AHMEDABAD

201-203, Shail Building,  
Opp. Madhusudan House,  
Near Navrangpura Tel. Exchange,  
Off C. G. Road, Ahmedabad 380 006.  
Tel. : 079-26420422 / 26402967

#### BANGALORE

1st Floor, Surya Building,  
Rathna Avenue 51 / 25, Richmond Road,  
Bangalore 560 025.  
Tel. : 080-25320085 / 86

#### BARODA

31-34, Payal Complex,  
Near Vadodara Stock Exchange,  
Sayajiguj, Baroda 390 005.  
Tel. : 0265-2225210 / 2361514

#### BHUBANESHWAR

624, Sahid Nagar, Bhubaneswar - 751 007  
Tel.: 0674 - 2547533 / 2547532

#### CHANDIGARH

SCO-371-372, First Floor, Above HDFC Bank,  
Sector 35B, Chandigarh - 160 022  
Tel.: 0172 - 5071726 / 5071727 / 5071728

#### CHENNAI

Flat 2 - B, First Floor,  
Wellington Estate No. 24, Ethiraj Salai,  
Commander-in-Chief Road, Chennai 600 105.  
Tel. : 044-52028858 (D) / 52028512

#### COCHIN

G 39, Panampally Nagar, Cochin 682 036.  
Tel. : 0484-310884 / 322152

#### COIMBATORE

SNV Chambers, 482/483, Ponne Street,  
Opp. Power House, Cross Cut Road,  
Coimbatore - 641 012  
Tel.: 0422 - 2237501 / 2237502 / 2237503

#### GUWAHATI

2nd Floor, Ram Kumar Plaza,  
Chatribari Road,  
Near Himatshinga Petrol Pump,  
Guwahati - 781 001.  
Tel.: 0361 - 2608122 / 2608016 / 2608102

#### HYDERABAD

Karvy Plaza, Road No. 10, Banjara Hills,  
Hyderabad 500 034.  
Tel. : 040-23312454 Extn. 488 / 119

#### INDORE

105-106-107, DM Towers,  
Above Standard Chartered Bank,  
Indore 452 001.  
Tel. : 0731-3014204 / 05

#### JAIPUR

S-16 A, 3rd Floor, Land mark,  
Opposite Jaipur Club, Mahavir Marg,  
C- Scheme, Jaipur - 302 001  
Tel.: 0141 - 2363321 / 2375039

#### JAMSHEDPUR

Kanchan Tower, IIIrd Floor,  
3-S B Shop Area, (Near Traffic Signal)  
Main Road, Bistupur, Jamshedpur - 831 001  
Tel.: 0657 - 2487045 / 2487048

#### KANPUR

15/46, B, First Floor, Opp. Muir Mills,  
Civil Lines, Kanpur - 208 001  
Tel.: 0512 - 3127111 / 3096000

#### KOLKATA

49, Jatindas Road,  
Kolkata 700 029.  
Tel. : 033-24659267 (D) / 24659263

#### LUCKNOW

94, Mahatma Gandhi Marg,  
(Opp. Governor House) Hazratganj,  
Lucknow 226 001.  
Tel. : 0522-2236828 / 19

#### MUMBAI

16-22, Bake House, Ground Floor,  
Maharashtra Chamber of Commerce Lane,  
Opp. MSC Bank, Fort, Mumbai 400 023.  
Tel. : 022-56346513 (D) / 56381746 to 50

#### NAGPUR

230/231, 3rd Floor, Shiram Shyam Towers,  
Next to NIIT building, Sadar,  
Kings way, Nagpur - 440 001  
Tel.: 0712 - 5656102 / 5656103 / 5656101

#### NEW DELHI

105-108, Arunachal Building,  
19, Barakhamba Road, Connaught Place,  
New Delhi 110 001.  
Tel. : 011-51511627 (D)

#### PANJIM (GOA)

No.7 & 8, El. Dorado Plaza,  
Heliodoro Salgado Road,  
Panjim - 403 001  
Tel.: 0832 - 2426871 / 2426872 / 2426873

#### PATNA

"Anand Towers", 2nd Floor,  
Exhibition Road, Near Republic Hotel,  
Opp. Mithila Motors, Patna - 800 001  
Tel.: 0612 - 2321354 / 2321356

#### PUNE

Shreenath Plaza, C-Wing, 3rd Floor,  
Shop No. 58 & 59, F. C. Road,  
Dnayneshwar Paduka Chowk,  
Pune - 411 004.  
Tel.: 020-2553 3795, 2553 3783, 2553 3592

#### RAJKOT

204, Star Chambers,  
Dr. Rajendra Prasad Road, Harihar Chowk,  
Rajkot - 360 601  
Tel.: 0281 - 2239404 / 2233179

#### SURAT

G / 16, Empire State Building,  
Near Udhana Darwaja, Ring Road,  
Surat 395 002.  
Tel. : 0261-3017155 / 156

#### TRIVANDRUM

2nd Floor, Akshaya Towers,  
Sasthamangalam,  
Trivandrum - 695 010.  
Tel.: 0471 - 2725987 / 2725989 / 2725991

#### VISAKHAPATNAM

47-14-5/1 Eswar Paradise,  
Dwaraka Nagar, Main Road,  
Visakhapatnam - 530 016  
Tel.: 0891 - 2752915 / 2752916 / 2752917

### Deutsche Asset Management (India) Private Limited

#### MUMBAI

2nd Floor, 222, Kodak House,  
Dr. D. N. Road, Mumbai - 400 001.  
Tel: +91 (22) 6658 4600

#### NEW DELHI

ECE House, 28, Kasturba Gandhi Marg,  
New Delhi - 110 001.  
Tel : +91 (11) 4152 2646 / 4152 2014

#### BANGALORE

Raheja Tower, 26-27, M.G. Road,  
Bangalore - 560 001.  
Tel : +91 (80) 6693 5651 / 52 / 2559 0110

#### KOLKATA

Brooke House, 9 Shakespeare Sarani,  
Kolkata - 700 071.  
Tel : +91 (33) 2282 4040 / 2282 2077

#### CHENNAI

Kothari Building, Ground Floor,  
114 M. G. Road, Nungambakkam,  
Chennai - 600 034.  
Tel: +91 (44) 6600 9516, 6600 9400  
Fax: +91 (44) 6600 9515 / 16

#### PUNE

Subjeev Business Centre, 29,  
East Street Galleria 2421,  
East Street, Pune - 411 001.  
Tel: +91 (20) 2635 1080 / 1500  
Fax: +91 (20) 2635 9300

#### HYDERABAD

DBS Business Center, DBS House 1-7-43-46,  
Sardar Patel Road, Secunderabad - 500 003.  
Tel: +91 (40) 2784 6970 / 2588.  
Fax: +91 (40) 2784 6855

#### AHMEDABAD

Broadway Business Centre Cabin,  
31st Floor, Shajananad Complex,  
Opp. Citi Bank, Near Panchavati Petrol Pump,  
C.G.Road, Ahmedabad - 380 006.  
Tel: +91 (79) 2644 0810 / 1196 /2711  
Fax +91 (79) 26441196





**Deutsche Asset Management (India)  
Private Limited**

Registered & Corporate Office :  
2nd Floor, 222, Kodak House,  
Dr. D. N. Road, Fort, Mumbai - 400 001.

**Tel: + 91 (22) 6658 4000**

**Fax: + 91 (22) 2207 4411**

**E-mail: [dws.mutual@db.com](mailto:dws.mutual@db.com)**

**Website: [www.dws-india.com](http://www.dws-india.com)**

**Deutsche Asset Management**  
A Member of the Deutsche Bank Group

