The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (hereinafter referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres /Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Reliance Mutual Fund, Tax and Legal issues and general information on www.reliancemutual.com.

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated July 04, 2012.

“As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/164984-D dated May 09, 2011 permission to the Mutual Fund to use the Exchange’s name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund’s units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund’s units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund. Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”
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1. **INVESTMENT OBJECTIVE**
   The Scheme seeks to generate returns and reduce interest rate volatility, through a portfolio of fixed income securities that are maturing on or before the maturity of the Scheme along with capital appreciation through equity exposure.

2. **LIQUIDITY**
   Reliance Dual Advantage Fixed Tenure Fund II – Plan E, being a Close Ended Hybrid Scheme; the units can be purchased only during the New Fund Offer (NFO) period of the scheme.
   No redemption/repurchase of units shall be allowed prior to the maturity of the Scheme.
   Units held in dematerialized form can only be traded on the Stock Exchange, where the units are listed.

3. **BENCHMARK**
   Crisl MIP Blended Fund Index

4. **TRANSPARENCY/NAV DISCLOSURE**
   The NAV will be calculated and disclosed at the close of every working day which shall be published in at least two daily newspapers and also uploaded on the AMFI website and Reliance Mutual Fund website i.e. www.reliancemutual.com.
   a) The NAV of the Scheme will be calculated and declared by the Fund on every Working Day. The information on NAV may be obtained by the Unitholders, on any day from the office of the AMC / the office of the Registrar in Hyderabad or any of the other Designated Investor Service Centres.
   b) Investors may also obtain information on the purchase /sale price for a given day on any Working Day from the office of the AMC / the office of the Registrar in Hyderabad/ any of the other Designated Investor Service Centres.
   c) For any NAV information, investor may also call our Touchbase customer service centre at 3030 1111 (24 X 7), callers outside India, please dial 91–40–30301111 or 1800 300 1111.
   d) Publication of Abridged Half–yearly Unaudited / Audited Financial Results in the newspapers or as may be prescribed under the Regulations from time to time.
   e) Communication of Portfolio on a half–yearly basis to the Unit holders directly or through the Publications or as may be prescribed under the Regulations from time to time.
   f) Despatch of the Annual Reports of the respective Schemes within the stipulated period as required under the Regulations.
   g) Since the Scheme is proposed to be listed on a recognized Stock Exchange, the listed price would be applicable on the Stock Exchange where the units are listed.

5. **LOADS**
   a) **Entry Load**
      Nil
      In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by RMF with effect from August 01, 2009.
      The upfront commission on investment made by the investor, if any, will be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.
   b) **Exit Load**
      Nil
      Since the scheme shall be listed on any of the recognized Stock Exchange, exit load shall also be not applicable. Units issued on reinvestment of dividends shall not be subject to entry and exit load.
   c) **Inter Option Switch within the Plans of the Scheme**
      Inter Option Switch is not applicable (i.e. within growth and dividend payout options).
      Pursuant to SEBI circular No. SEBI/IMD/CIR No. 14/120784/08 dated March 18, 2008, with effect from April 1, 2008, no entry load or exit load shall be charged in respect of bonus units and of units allotted on reinvestment of dividend.
   d) **Contingent Deferred Sales Charge**
      Nil

6. **TRANSACTION CHARGES:**
   In accordance with SEBI Circular No. IMD/ DF/13/ 2011 dated August 22, 2011, with effect from November 1, 2011, Reliance Capital Asset Management Limited (RCAM)/ RMF shall deduct a Transaction Charge on per purchase / subscription of Rs. 10,000/- and above, as may be received from new investors (an investor who invests for the first time in any mutual fund schemes) and existing investors. Distributors shall be able to choose to ‘opt out’ of charging the transaction charge. However, the ‘opt-out’ shall be at distributor level and not investor level i.e. a distributor shall not charge one investor and choose not to charge another investor. Such charges shall be deducted if the investments are being made through the distributor/agent and that distributor / agent has opted to receive the transaction charges as mentioned below:
   - For the new investor a transaction charge of Rs 150/- shall be levied for per purchase / subscription of Rs 10,000 and above; and
   - For the existing investor a transaction charge of Rs 100/- shall be levied for per purchase / subscription of Rs 10,000 and above.
The transaction charge shall be deducted from the subscription amount and paid to the distributor/agent, as the case may be and the balance shall be invested. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

In case of investments through Systematic Investment Plan (SIP) the transaction charges shall be deducted only if the total commitment through SIP (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000/- and above. In such cases, the transaction charges shall be deducted in 3-4 installments.

Transaction charges shall not be deducted if:
(a) The amount per purchases/subscriptions is less than Rs. 10,000/-;
(b) The transaction pertains to other than purchases/subscriptions relating to new inflows such as Switch/STP/DTP, etc.
(c) Purchases/Subscriptions made directly with the Fund through any mode (i.e. not through any distributor/agent).
(d) Subscription made through Exchange Platform irrespective of investment amount.

7. MINIMUM APPLICATION AMOUNT
Rs. 5,000/- per option and in multiples of Re. 1 thereafter.

8. CHOICE OF INVESTMENT OPTIONS:
The Scheme will have following two Options:
a) Growth Option
b) Dividend Payout Option

There is no assurance or guarantee as to the rate and frequency of dividend distribution. Dividend distribution is subject to availability of distributable surplus in the scheme.

The Scheme will have a separate portfolio.

9. MATURITY
No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme will come to an end on maturity date. On maturity of the Scheme, the outstanding units shall be redeemed and proceeds will be paid to the unit holders as a default mode which means that the units of the Scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched to / credited in the bank account of the unit holders within 10 Business Days from the date of Maturity.

However, investor will have an option to switch out the redemption proceeds into any other scheme of Reliance Mutual Fund at the time of NFO application or on the Maturity of the Scheme. However, switch out facility will not be available for units held in dematerialised mode.

The trustees reserves the right to suspend / deactivate/freezing trading, ISIN of the scheme and do all such matters with respect to closure of the scheme at the time of maturity at any time ten days prior to the maturity. The proceeds of the maturity will be payable to the person whose names are appearing in the beneficiary position details of which will be received from depositories after the suspension/deactivation/freezing of ISIN.

Maturity proceeds would be payable to investors as per the bank details provided in beneficiary position details received from depositories. However, once the units are dematerialised and the investor sells to another investor through exchange or transfers the units to another investor through DP then the maturity instruction provided by the existing investor will not be valid for the new investor. For the new investor the maturity proceeds shall be dispatched to the designated bank account of the unit holder within 10 business days from the date of redemption or repurchase, subject to availability of all relevant documents and details.

10. PHYSICAL / DEMATERIALIZATION
The Unit holders are given an Option to hold the units by way of an Account Statement (Physical form) or in Dematerialized (‘Demat’) form.

Mode of holding shall be clearly specified in the KIM cum application form. Unit holders holding the units in physical form will not be able to trade or transfer their units till such units are dematerialized.

Unit holders opting to hold the units in demat form must provide their Demat Account details in the specified section of the application form. The Unit holder intending to hold the units in Demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the scheme) and will be required to indicate in the application the DP’s name, DP ID Number and the beneficiary account number of the applicant with the DP.

In case Unit holders do not provide their Demat Account details, an Account Statement shall be sent to them. Such investors will not be able to trade on the stock exchange till the holdings are converted in to demat form.

11. TRANSFER OF UNITS
Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be affected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized mode.
I – INTRODUCTION

A. RISK FACTORS

a) Standard Risk Factors

a) Mutual Funds and securities investments are subject to market risks such as trading volumes, settlement risk, liquidity risk and default risk including the possible loss of principal and there is no assurance or guarantee that the objectives of the Scheme will be achieved.

b) As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.

c) Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.

d) Reliance Dual Advantage Fixed Tenure Fund II – Plan E is only the name of the Scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns.

e) The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus.

f) The present scheme is not a guaranteed or assured return scheme. The Mutual Fund is not guaranteeing or assuring any dividend/bonus. The Mutual Fund is also not assuring that it will make periodical dividend/bonus distributions, though it has every intention of doing so. All dividend/bonus distributions are subject to the availability of distributable surplus of the Scheme.

b) SCHEME SPECIFIC RISK FACTORS

a) Risks associated with investing in Equities

Equity and Equity related instruments on account of its volatile nature are subject to price fluctuations on daily basis. The volatility in the value of the equity and equity related instruments is due to various micro and macro economic factors affecting the securities markets. This may have adverse impact on individual securities /sector and consequently on the NAV of Scheme.

The inability of the Scheme to make intended securities purchases due to settlement problems, could cause the Scheme to miss certain investment opportunities as in certain cases, settlement periods may be extended significantly by unforeseen circumstances. Similarly, the inability to sell securities held in the schemes portfolio may result, at times, in potential losses to the scheme, should there be a subsequent decline in the value of the securities held in the schemes portfolio.

Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments. This may impact the ability of the unit holders to redeem their units. In view of this, the Trustee has the right, in its sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

The AMC may invest in unlisted securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio as these unlisted securities are inherently illiquid in nature and carry larger liquidity risk as compared to the listed securities or those that offer other exit options to the investors.

Investments in equity and equity related securities involve high degree of risks and investors should not invest in the Scheme unless they can afford to take the risk of losing their investment.

b) Risks associated with investing in Bonds

Investors of the Scheme should be aware of the risks generally associated with investments in the fixed income and money market instruments. Given below are some of the common risks associated with investments in fixed income and money market securities.

Interest Rate Risk: As with all debt securities, changes in interest rates will affect the Scheme’s Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the NAV.

Liquidity or Marketability Risk: This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

Credit Risk: Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk debentures are sold at a yield spread above those offered on Treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme or from maturities in the Scheme are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk refers to the fall in the rate for reinvestment of interim cashflows.

Risks associated with various types of securities

<table>
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<th>CREDIT RISK</th>
<th>LIQUIDITY RISK</th>
<th>PRICE RISK</th>
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<tr>
<td>Listed</td>
<td>Depends on credit quality</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Unlisted</td>
<td>Depends on credit quality</td>
<td>Relatively High</td>
</tr>
<tr>
<td>Secured</td>
<td>Relatively low</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Unsecured</td>
<td>Relatively high</td>
<td>Relatively High</td>
</tr>
<tr>
<td>Rated</td>
<td>Relatively low and depends on the rating</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Unrated</td>
<td>Relatively high</td>
<td>Relatively High</td>
</tr>
</tbody>
</table>
c) Risks associated with investing in foreign Securities
The Fund may invest in overseas equities / ADR’s / GDR’s with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme’s NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers.

d) Risk associated with investing in Derivatives
RCAM may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and with an intention to enhance Unit holder’s interest of the Scheme.

i) As and when the Scheme 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 analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counterparty”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

ii) 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.

iii) 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.

e) Risk associated with Short Selling & Securities Lending
Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. In case the Scheme undertakes stock lending under the Regulations, it may at times be exposed to counterparty risk and other risks associated with the securities lending. Unitholders of the Scheme should note that 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.

Short-selling is the sale of shares that the seller does not own at the time of trading. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan. If the price of the stock has fallen, he can buy the stock back for less than he received for selling it and profits from it (the difference between higher short sale price and the lower purchase price). However, Short positions carry the risk of losing money and these losses may grow theoretically unlimited if the price increases without limit and shall result into major losses in the portfolio.

f) Risks associated with Listing of Units
i) Listing of the units of the fund does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the units will develop or be maintained. Consequently, the Fund may quote below its face value / NAV.

ii) 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.

iii) 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.

g) Other Scheme Specific Risk factors
i) The liquidity of the Scheme’s investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests, or of a re-structuring of the Scheme’s investment portfolio, these periods may become significant. Please read the Sections of this Scheme Information Document entitled “Special Considerations” and “Right to Limit Redemptions” thereunder.

ii) Although, the objective of the Fund is to generate optimal returns, the objective may or may not be achieved. The investors may note that if the AMC/Investment Manager is not able to make right decision regarding the timing of increasing exposure in debt securities in times of falling equity market, it may result in negative returns.

iii) The NAV of the scheme to the extent invested in Debt and Money market securities are likely to be affected by changes in the prevailing rates of interest and are likely to affect the value of the Scheme’s holdings and thus the value of the Scheme’s Units.

iv) The AMC may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio.

v) Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option.
vii) Investment decisions made by the AMC may not always be profitable, even though it is intended to generate capital appreciation and maximize the returns by actively investing in equity and equity related securities.

viii) The tax benefits available under the scheme are as available under the present taxation laws and are available only to certain specified categories of investors and that is subject to fulfillment of the relevant conditions. The information given is included for general purposes only and is based on advise that the AMC has received regarding the law and the practice that is currently in force in India and the investors and the Unitholders should be aware that the relevant fiscal rules and their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unitholder is advised to consult his/her own professional tax advisor.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme and individual Plan(s) under the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the scheme shall be wound up in accordance with Regulation 39 (2) (c) of SEBI (MF) Regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application of such investor(s), to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within five business days of the date of closure of the New Fund Offer.

C. SPECIAL CONSIDERATIONS, IF ANY

Income Distribution

The Mutual Fund is not assuring or guaranteeing that it will be able to make regular periodical distributions/distribute bonus units to its unit holders though it has every intention to manage the portfolio so as to make periodical income/bonus distributions to Unit holders. Periodical distributions will be dependent on the returns achieved by the Asset Management Company through the active management of the portfolio. Periodical distributions may therefore vary from period to period, based on investment results of the portfolio.

D. DEFINITIONS AND ABBREVIATIONS

In this Scheme Information Document, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

<table>
<thead>
<tr>
<th>Word/Abbreviation</th>
<th>Definition / Expansion</th>
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<tr>
<td>AMC</td>
<td>AMC means Asset Management Company, formed and registered under the Companies Act, 1956 and approved as such by the SEBI under sub-regulation (2) of regulation 21.</td>
</tr>
<tr>
<td>AMFI</td>
<td>Association of Mutual Funds in India, the apex body of all the registered AMCs incorporated on August 22, 1995 as a non-profit organisation.</td>
</tr>
<tr>
<td>Associate</td>
<td>Associate means associate as defined under SEBI (Mutual Funds) Regulations, 1996</td>
</tr>
<tr>
<td>Business Day / Working Day</td>
<td>A Business Day / Working Day means any day other than 1. Saturday or 2. Sunday or 3. a day on which The Stock Exchange, Bombay Stock Exchange Limited or National Stock Exchange Limited or Reserve Bank of India or Banks in Mumbai are closed 4. a day on which there is no RBI clearing/settlement of securities or 5. a day on which the sale and/or redemption and/or switches of Units is suspended by the Trustees / AMC or 6. a book closure period as may be announced by the Trustees / Asset Management Company or 7. a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or any other events as the AMC may specify from time to time. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all DISC</td>
</tr>
<tr>
<td>Business Hours</td>
<td>Business hours means 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be applicable from time to time.</td>
</tr>
<tr>
<td>CDSC</td>
<td>Contingent Deferred Sales Charge (CDSC), a charge imposed when the units are redeemed within the first four years of unit ownership. The SEBI (MFs) Regulations, 1996, direct that a CDSC may be charged only for the first four years after purchase and mandates the maximum amount that can be charged in each year.</td>
</tr>
<tr>
<td>Close ended scheme</td>
<td>Close ended scheme means any Scheme in which the period of maturity of the scheme is specified.</td>
</tr>
<tr>
<td>Custodian</td>
<td>Custodian means a person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996. Presently, Deutsche Bank A.G., registered vide registration number IN/CUS/003 is appointed as Custodian of securities for all the schemes of RMF.</td>
</tr>
<tr>
<td><strong>CBLO</strong></td>
<td>Collateralized Borrowing and Lending Obligation (CBLO) is a money market instrument, approved by RBI, (developed by CCIL) for the benefit of the entities who have either been phased out from interbank call money market or have been given restricted participation in terms of ceiling on call borrowing and lending transactions and who do not have access to the call money market. CBLO is a discounted instrument issued in electronic book entry form for the maturity period ranging from one day to one year.</td>
</tr>
<tr>
<td><strong>Depository</strong></td>
<td>Depository means a depository as defined in the Depositories Act, 1996 (22 of 1996) including Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL)</td>
</tr>
<tr>
<td><strong>Designated Investor Service Centers / DISC / Official Points of Acceptance</strong></td>
<td>Means any location as may be defined by the AMC from time to time, where investors can tender the request for subscription, redemption or switching of units, etc.</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>Income distributed by the Scheme on the Units</td>
</tr>
<tr>
<td><strong>DP</strong></td>
<td>Depository Participant means a person registered as such under sub regulation (1A) of section 12 of SEBI Act, 1992 (15 of 1992)</td>
</tr>
<tr>
<td><strong>Entry Load</strong></td>
<td>Load on purchases / switch-in of units</td>
</tr>
<tr>
<td><strong>Exit Load</strong></td>
<td>Load on redemptions / switch-out of units</td>
</tr>
<tr>
<td><strong>FII</strong></td>
<td>FII means Foreign Institutional Investor as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995</td>
</tr>
<tr>
<td><strong>ISIN</strong></td>
<td>International Security Identification Number. It is a unique security code that differentiates each and every script from all the other scripts.</td>
</tr>
<tr>
<td><strong>Investment Management Agreement (IMA)</strong></td>
<td>The Agreement entered into between Reliance Capital Trustee Co. Limited and Reliance Capital Asset Management Limited by which RCAM has been appointed the Investment Manager for managing the funds raised by RMF under the various schemes, and all amendments thereof.</td>
</tr>
<tr>
<td><strong>KIM</strong></td>
<td>Key Information Memorandum as required in terms of regulation 29(4)</td>
</tr>
<tr>
<td><strong>Load</strong></td>
<td>Load means a charge that may be levied as a percentage of NAV at the time of entry into the scheme or at the time of exiting from the scheme.</td>
</tr>
<tr>
<td><strong>Local Cheque</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>NAV</strong></td>
<td>Net Asset Value of the Units in the Scheme is calculated in the manner provided in the respective SID or as may be prescribed by Regulations from time to time. The NAV will be computed upto four decimal places unless otherwise specified.</td>
</tr>
<tr>
<td><strong>NFO</strong></td>
<td>Offer of units of Reliance Dual Advantage Fixed Tenure Fund II – Plan E during New Fund Offer Period.</td>
</tr>
<tr>
<td><strong>Open ended Scheme</strong></td>
<td>Open ended scheme means a Scheme which offers units for sale without specifying any duration for redemption.</td>
</tr>
<tr>
<td><strong>POA</strong></td>
<td>Power of Attorney</td>
</tr>
<tr>
<td><strong>POS</strong></td>
<td>Point of Service</td>
</tr>
<tr>
<td><strong>RBI</strong></td>
<td>Means Reserve Bank of India, established under the Reserve Bank of India Act, 1934</td>
</tr>
<tr>
<td><strong>RCAM</strong></td>
<td>Means Reliance Capital Asset Management Limited, a Public Limited Company incorporated under the Companies Act, 1956 on February 24, 1995, duly registered with SEBI and appointed as AMC for all schemes of Reliance Mutual Fund</td>
</tr>
<tr>
<td><strong>RCL / Sponsor / Settlor</strong></td>
<td>Reliance Capital Limited, a company incorporated under Companies Act, 1956 that has established RMF.</td>
</tr>
<tr>
<td><strong>RCTC / Trustee / Trustee Company</strong></td>
<td>RCTC means Reliance Capital Trustee Company Limited, who holds the property of the Mutual Fund in trust for the benefit of the unit holders.</td>
</tr>
<tr>
<td><strong>Redemption Price</strong></td>
<td>Redemption Price to the investor of Units of the Scheme computed in the manner indicated in this SID.</td>
</tr>
<tr>
<td><strong>Registrar &amp; Transfer Agent / Registrar</strong></td>
<td>Karvy Computershare (Private) Limited appointed as Registrars and Transfer Agent duly registered with the SEBI vide registration number INR000000221 acting as such for all the Schemes of RMF.</td>
</tr>
<tr>
<td><strong>Regulations</strong></td>
<td>SEBI (Mutual Funds) Regulations, 1996 including the Rules, Guidelines or Circulars issued in relation thereto from time to time.</td>
</tr>
<tr>
<td><strong>Regulatory Authority</strong></td>
<td>Regulatory authority means any authority or agency competent to issue or give any directions, instructions or guidelines to the Mutual Fund.</td>
</tr>
<tr>
<td><strong>SAI</strong></td>
<td>Means Statement of Additional Information issued by RMF containing details of RMF, its constitution, and certain tax, legal and general information (SAI is to be read in conjunction with SID of the respective scheme)</td>
</tr>
<tr>
<td><strong>Scheme</strong></td>
<td>Means Reliance Dual Advantage Fixed Tenure Fund II – Plan E a Scheme launched by RMF under Chapter V of SEBI (Mutual Funds) Regulations, 1996</td>
</tr>
</tbody>
</table>
E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

1. The draft Scheme Information Document of Reliance Dual Advantage Fixed Tenure Fund II, 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.
2. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the proposed Scheme.
4. The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registrations are valid, as on date, to the best of our knowledge and belief.

Mumbai
May 16, 2011

Muneesh Sud
Head – Legal, Secretarial & Compliance

Note: The Due Diligence Certificate as stated above was submitted to the Securities and Exchange Board of India on May 18, 2011.
II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME
A Close Ended Hybrid Scheme

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?
The Scheme seeks to generate returns and reduce interest rate volatility, through a portfolio of fixed income securities that are maturing on or before the maturity of the Scheme along with capital appreciation through equity exposure.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Asset Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities**</td>
<td>35% - 95%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Money Market Instruments**</td>
<td>0% - 60%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Equities &amp; Equity related Instruments # (including options premium)*</td>
<td>5% - 20%</td>
<td>Medium to High</td>
</tr>
</tbody>
</table>

# including investments in ADR/GDR/Foreign securities upto 40%. *Investments in Derivatives could be made as per applicable Regulatory guidelines including investments in Options. The option premium shall be for the purpose of exposure to derivative instruments which shall be restricted to long call options. The options premium offers the actual equity market exposure. In such cases, the total exposure related to option premium paid shall not exceed 20% of the net assets of the scheme. Moreover, this upper limit of 20% investments in options premium, if any, shall be applicable only at the time of investment. If due to market actions the value of options appreciates/depreciates resulting in breach of the limit of 20%, the fund manager may or may not rebalance the portfolio and may run with the ongoing exposure. However, if the fund manager sells the option before maturity, the reinvestment will be subject to maximum 20% limit on option premium. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. The maturity of the securities (as mentioned in the asset allocation) will be on or before the maturity of the scheme.

** The fund will try and invest in debt instruments of tenor closely matching the tenor of the scheme to maximize returns for investors and minimize reinvestment risk. However, on a temporary basis, allocation could be made to Money Market Instruments pending final deployment and based on the availability & attractiveness of matching maturity assets. Money Market Instruments may also be used for temporary deployment pending equity allocation and towards the end of the scheme tenor for deploying cash against maturing assets. The Scheme shall not invest in Securitized Debt. The exposure of derivative contracts outstanding shall not exceed 40% of the net assets of the scheme. Exposure would be computed as per the applicable Regulations from time to time.

The Scheme shall not invest more than 30% of its net assets in CP / NCDs/Bonds or any other instrument of such manner issued by issuers belonging to one sector. For the purpose of identifying sector, we would use AMFI sector definitions. However, this limit is not applicable for: CBLO, Bank Certificate of Deposits, Government of India securities, Treasury Bills, AAA (Long Term)/A1+ (Short Term) rated CP / NCDs/Bonds or any other instrument of such manner of Public Financial Institutions (PFIs) and PSU Banks provided that if any securities issued by NBFCs are also held in the portfolio, the Long Term / Short Term rating of those NBFCs (at issuer level) is AAA/A1+ respectively. An example of the sector limit is given: Scheme AUM: Rs 100 Crs. The maximum investment in any particular sector would be Rs. 30 Crs.

Please note the above sectoral limit is not applicable for equity and equity related securities.

The investment managers would have the flexibility to invest the debt component into floating rate debt securities in order to reduce the impact of rising interest rates in the economy. The scheme may invest in government securities, or securities which are supported by the Central or a State Government, up to the extent of its debt/money market allocation. The equity component of the scheme will primarily focus on companies that have demonstrated characteristics such as market leadership, strong financials and quality management, and have the potential to create wealth for their shareholders by delivering steady performance through the ups and downs of the market. The scheme will not invest in debt securities that may have a coupon or payout linked to the performance of an equity/equity index as an underlying (popularly known as ‘equity linked debentures’). Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. Gross investments in securities under the Scheme which includes equities & equity related instruments/securities, debt securities Money Market Instruments and derivatives will not exceed 100% of the net assets of the Scheme. The RCAM/Trustees reserve the right to change the above pattern in the interest of the investors depending on the market conditions and will endeavor to rebalance the portfolio in tune with the aforesaid asset allocation pattern within 1 month of deviation, if any. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. Reliance Dual Advantage Fixed Tenure Fund II – Plan E shall have a separate portfolio.

D. WHERE WILL THE SCHEME INVEST?
1. Under the Scheme, the investment managers would have the flexibility to invest the debt component into floating rate debt securities in order to reduce the impact of rising interest rates in the economy.
2. Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. Subject to the limits as contained in Schedule VII to the SEBI (Mutual Funds) Regulations, 1996, the scheme reserves the right to invest it's entire allocation in debt and money market securities in any one of the fixed income security classes. Investments in rated fixed income securities will be in securities rated by at least one recognized rating agency. Investments in unrated securities will be made with the approval of the Investment Committee of RCAM, within the parameters laid down by the Board of Directors of the AMC & the Trustees.
3. Money Market instruments includes commercial papers, commercial bills, treasury bills, Corporate Debt, Government Securities having residual maturity up to one year, call or notice money certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time. Short-term debt considerations for this Scheme includes maintaining an adequate float to meet anticipated levels of redemptions, expenses, and other liquidity needs.
4. The Fund may also enter into "Repo", hedging or such other transactions as may be allowed to Mutual Funds from time to time. The scheme does not intend to make any investments in Foreign/ Overseas Securities.
Apart from regular credit updates both internally and at the Investment Committee levels, the board is also appraised on a periodic basis.

Both for plain vanilla transactions and especially for structured transactions, legal due diligence is an integral part of the overall risk evaluation.

As mentioned earlier, credit evaluation is a continuous exercise. For all issuers / structures where we have current exposures regular

Based on the above analysis, the credit research team presents a case for investing / avoiding investments for any new issuer / structure. Post these discussions formal proposals are prepared for issuers / structures where limits are being sought.

The approval for such limits is sought, based on certain criterion that is laid out as part of the investment policy. Depending on the rating, tenor, and proposed exposures, approvals are taken at the Head of Fixed Income / Investment Committee / Board levels.

As mentioned earlier, credit evaluation is a continuous exercise. For all issuers / structures where we have current exposures regular evaluation is carried out on a periodic basis. The periodicity of such evaluation depends on the exposure, credit comfort on the said issuer / structure and the overall credit environment.

Apart from regular credit updates both internally and at the Investment Committee levels, the board is also appraised on a periodic basis, on all the credit exposures, their performance and the credit department’s views on them going forward.

(i) CREDIT EVALUATION POLICY FOR INVESTMENTS IN DEBT SECURITIES

Credit evaluation is a continuous process. It applies not only for issuers where investments are being evaluated for the first time but also for those where we already have credit exposures.

In a detailed credit evaluation process, the following aspects are covered:

1. An in-depth review of the sector in which company operates. In this process, research team also measures the micro and macro risks associated with the sector and its possible impact on the overall business environment of the issuer. In addition, issuer’s market position is evaluated vis-à-vis competition.

2. Issuer analysis involves both qualitative and quantitative aspects.
   a. Qualitative analysis is related to quality of management, corporate governance, promoter background, parents support etc. Any synergy / cross dependence with any of the other promoter companies is also scrutinized.
   b. Quantitative analysis is related with balance sheet management, profitability indicators, ratio analysis, capex programmes, growth plans, leverage and cash management policy etc.

3. The due diligence process involves both primary and secondary sources for research.
   a. Secondary sources of information like publicly available data including annual reports and other public filings, rating and other research reports, industry research reports are studied in detail.
   b. Primary research activities like direct interaction with the issuer at various levels, interaction with the rating agencies, the company’s bankers, competitors in the industry and stock market participants (market intelligence), is given a very high weightage.

4. Both for plain vanilla transactions and especially for structured transactions, legal due diligence is an integral part of the overall risk evaluation policy. Depending on the scope and complexity of transactions both internal as well as external legal exercises are undertaken.

Based on the above analysis, the credit research team presents a case for investing / avoiding investments for any new issuer / structure. Post these discussions formal proposals are prepared for issuers / structures where limits are being sought.

The approval for such limits is sought, based on certain criterion that is laid out as part of the investment policy. Depending on the rating, tenor, and proposed exposures, approvals are taken at the Head of Fixed Income / Investment Committee / Board levels.

As mentioned earlier, credit evaluation is a continuous exercise. For all issuers / structures where we have current exposures regular evaluation is carried out on a periodic basis. The periodicity of such evaluation depends on the exposure, credit comfort on the said issuer / structure and the overall credit environment.

Apart from regular credit updates both internally and at the Investment Committee levels, the board is also appraised on a periodic basis, on all the credit exposures, their performance and the credit department’s views on them going forward.

(ii) LIST OF SECTORS WHERE RCAM / RMF WOULD NOT BE INVESTING

Debt securities investments will not be made in real estate sector.

(iii) TYPE OF INSTRUMENTS IN WHICH THE SCHEMES PROPOSE TO INVEST

For the type of instruments in which the schemes propose to invest is detailed in point no. D (where will the scheme invest - Point No. 1 to 9)
(iv) INTENDED PORTFOLIO ALLOCATION

As per SEBI Circular No IMD/ DF/12 /2011 dated August 1, 2011 on Indicative portfolio or yield in close ended debt oriented mutual fund Scheme, the intended allocation for Reliance Dual Advantage Fixed Tenure Fund II - Plan E is as mentioned below. The floors and ceilings as disclosed below are within a range of 5% of the intended allocation (in %)

(The intended portfolio would be applicable only to the fixed income portfolio).

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Credit Rating</th>
<th>% of Net Assets (of the scheme corpus)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDs</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>CPs</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>NCDs</td>
<td>AA/A1+</td>
<td>78% – 83%</td>
</tr>
<tr>
<td>Money market instruments such as CBL0, T-Bills, Repos (repos not including repo in corporate bonds), CDs, CPs, Government securities issued by Central and State government.</td>
<td>–</td>
<td>0 - 5%</td>
</tr>
</tbody>
</table>

Note: Short Term highest rated instruments will be categorized as AAA. The scheme shall not make any investments in derivatives.

At the time of deployment, the Scheme will seek to invest into rated AA- or better fixed income assets issued by various entities operating in different sectors as defined by AMFI, while adhering to the sector cap limit as detailed in asset allocation pattern of the scheme.

The sector restriction applicable to the scheme is replicated below under point number 8.

In addition to above, the % age asset allocation as mentioned in the Scheme Information Document for Equities & Equity related Instruments# (including options premium)*, if not deployed in Equities & Equity related Instruments# (including options premium)* would be deployed in cash and cash equivalents such as CBLO, Repo (excluding repo in corporate debt securities), T-Bills, CDs of highest rating (A1+ or equivalents) and FDS of less than 15 days maturity. In case, if there is any deviation in the actual asset allocation pattern of equity & equity related instruments # (including options premium)* (i.e. 5% – 20%), RCAM will endeavour to rebalance the portfolio in tune with the asset allocation pattern mentioned in this SID within a time period of not more than 30 days provided such a rebalancing is in the best interest of the investors.

There shall be no variations between intended portfolio allocation as may be issued at the time of launch and final portfolio except on account of

1. deployment of funds towards higher rated instruments / securities within the same investments category.
2. non-availability of papers or due to the risk reward analysis, investments have not been made in instruments like NCD then in such cases investments will be made in CDs of highest rating (A1+ or equivalents) / T- Bill/CBLO/ Repo(excluding Repo in corporate debt securities).
3. maturity of individual securities happening prior to the maturity of the scheme or at the time of construction of the portfolio. In such times, investments may be made in cash and cash equivalents such as CBLO, Repo (excluding Repo in corporate debt securities), T-Bills, CDs of highest rating (A1+ or equivalents) and FDS of less than 15 days maturity.
4. external factors such as revision in credit rating of instruments, valuation of security, etc. It may be noted that
   - all the investments rating etc will be considered at the time of making the investments only i.e at the time of deployment (for the purpose of comparison).
   - positive movement of rating for a particular instrument will be continued to be allowed in the interest of the investor. However, in case of downgrades of a particular instrument, the portfolio manager shall endeavor to rebalance the portfolio on a best effort basis within a time period of not more than 30 days provided such a rebalancing is in the best interest of the investors.
5. tactical allocation to cash and cash-equivalents in lieu of any other indicated class of instruments. Such short-term allocation to cash equivalents such as CBLO, Repo(excluding Repo in corporate debt securities), T-Bills, CDs of highest rating (A1+ or equivalents) and FDS of less than 15 days maturity shall not be viewed as a violation of the indicated portfolio. However RCAM will ensure that such cash / cash equivalents are duly deployed back into the indicated portfolio / security within a time frame of around 15 days except for securities nearing maturity of the scheme.
6. In cases where instruments are rated by two or more credit rating agencies, the most conservative rating amongst them would be considered.
7. As per SEBI circular CIR/MIRSD/4/2011 dated June 15, 2011, Modifier “+(plus)” or “-”(minus) can be used with the rating symbols as they reflect the comparative standing within the category. For eg: in case AA has been mentioned, it will include AA- as well as AA+.
8. The Scheme will not invest more than 30% of its net assets in CP / NCDs/Bonds or any other instrument of such manner issued by issuers belonging to one sector. For the purpose of identifying sector, we would use AMFI sector definitions. However, this limit is not applicable for: CBLO, Bank Certificates of Deposits, Government of India securities, Treasury Bills, AAA (Long Term)/A1+ (Short Term) rated CP / NCDs/Bonds or any other instrument of such manner of Public Financial Institutions (PFIs) and PSU Banks provided that if any securities issued by NBFCs are also held in the portfolio, the Long Term / Short Term rating of those NBFCs (at issuer level) is Aaa/A1+ respectively. An example of the sector limit is given: Scheme AUM: Rs 100 Crs. The maximum investment in any particular sector would be Rs. 30 Crs. Please note the above sector limit is not applicable for equity and equity related securities.

It may be noted that the intended portfolio allocation will be determined at the time of launch of scheme whereas the final portfolio for the purpose of determining deviations, if any, will be considered after 15 days from the allotment of the scheme.

E. WHAT ARE THE INVESTMENT STRATEGIES?

The fund management team will endeavor to maintain a consistent performance in the scheme by maintaining a balance between safety, liquidity and profitability aspects of various investments. The fund manager will try to achieve an optimal risk return balance for management of the fixed income portfolios.
The investments in debt instruments carry various risks like interest rate risk, liquidity risk, default risk, purchasing power risk etc. While they cannot be done away with, they can be minimized by diversification and effective use of hedging techniques.

The fund management team will take an active view of the interest rate movement by keeping a close watch on various parameters of the Indian economy, as well as developments in global markets.

Investment views / decisions will be taken on the basis of the following parameters:

1. Prevailing interest rate scenario
2. Quality of the security / instrument (including the financial health of the issuer)
3. Maturity profile of the instrument
4. Liquidity of the security
5. Growth prospects of the company / industry
6. Any other factors in the opinion of the fund management team

The equity portion of the scheme will invest in diversified portfolio of Equities & Equity Related Instruments (including options premium)* across market capitalisation.

The funds will follow a bottom-up approach to stock-picking and choose companies across sectors. The Schemes will primarily focus on companies that have demonstrated characteristics such as market leadership, strong financials and quality management, and have the potential to create wealth for their shareholders by delivering steady performance through the ups and downs of the market. The Fund also expects to achieve the market linked appreciation (upside) by investing in premium of exchange traded options.

**Risk Measurement /Control:** The Fund Management proposes to use analytic risk management tools like VAR / convexity/ modified duration for effective portfolio management.

**Debt Market In India**

The Indian Debt market is facing major shift in the recent times. The substantial growth in Mutual Fund collections in the past few years have provided an easy route for the investors to channelise their savings into the debt market, which otherwise is largely dominated by Banks and other Institutional investors.

At present, the Indian debt market is dominated by issues of Central Government bonds, Corporate Debentures and PSU Bonds.

Brief details about the instruments are given below as on July 4, 2012.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Listed/ Unlisted</th>
<th>Current Yield Range As on July 4, 2012.</th>
<th>Liquidity</th>
<th>Risk profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government Securities</td>
<td>Listed</td>
<td>8.01%– 8.83%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate Debentures / PSU Bonds</td>
<td>Listed</td>
<td>9.35%-9.62%</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>CDs (short term)</td>
<td>Unlisted</td>
<td>9.10%-9.40%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Call Money</td>
<td>Unlisted</td>
<td>7.05%- 8.30%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Mibor linked Papers</td>
<td>Listed</td>
<td>207-217 bps</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

A brief description about yields presently available on Central Govt. Securities /Bonds & Debentures of various maturities is as follows:

- Annualised yields (as July 4, 2012.) are:

<table>
<thead>
<tr>
<th>Yrs</th>
<th>Central Government securities</th>
<th>Debentures / Bonds (AAA rated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;= 1yr</td>
<td>8.17%-8.22%</td>
<td>9.40%-9.62%</td>
</tr>
<tr>
<td>2-6yrs</td>
<td>8.17%-8.57%</td>
<td>9.39%-9.52%</td>
</tr>
<tr>
<td>7-10yrs</td>
<td>8.33%-8.52%</td>
<td>9.35%-9.40%</td>
</tr>
<tr>
<td>11-20 yrs</td>
<td>8.56%-8.852%</td>
<td>-</td>
</tr>
</tbody>
</table>

The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario, etc. Also, the price and yield varies according to maturity profile, credit risk etc.

**Derivatives and Hedging Products:**

The scheme may use derivative instruments like Interest rate swaps, Forward rate agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing as may be permitted under the Regulations and Guidelines. An interest rate swap is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions during a specified period.

Typically, one party receives a pre-determined fixed rate of interest while the other party, receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets.

The fund intends to use derivatives for hedging & portfolio balancing as permitted under the SEBI Regulations & Guidelines. To hedge & balance the portfolio derivative instruments like interest rate swaps & forward rate agreements would be used to create synthetic fixed rate bonds/ floating rate bonds. We wish to submit that, creation of synthetic fixed rate bonds/ floating rate bonds is a hedging and portfolio rebalancing technique.

**An example is stated below to explain the said proposition.**

Swaps can be used to create synthetic fixed rate instruments.

Let us take the example of a 3 Yr floating rate bond with a spread of 50 bps (basis points) over a benchmark. Ordinarily, this fetches the investor a yield of the benchmark (which is floating) plus 50 bps on an annualized basis. However, by receiving the 3 yr fixed rate on the swap side, what happens is that the bond gets converted into a fixed rate bond. Let us assume that the 3 yr swap on the same benchmark is received for the same principal amount at the rate 7.25%. Broadly then, the investor receives fixed cash flows of 7.25%, pays the floating benchmark rate, and receives the floating rate of the bond (which comprise the benchmark rate and the “spread” of 50 bps). The floating cash flows of the benchmark cancel each other out and the investor is left with a synthetic fixed rate bond yielding him 7.75% (7.25% plus the ‘spread’ of 50bps). Thus through the swap, the floating rate bond gets converted ‘synthetically’ into a fixed rate bond.

Accounts are generally settled on a net basis on predetermined settlement dates. Accordingly, on each agreed payment date, amounts owed by each party is calculated by applying the agreed rate i.e. fixed in one case and floating in the other, on the notional amount. The party who owes the higher amount i.e. the difference between the interest rate amount and the floating interest rate amount or vice versa, makes a payment of the net amount. No principal amount is exchanged.

Generally, interest rate swaps involve exchange of a fixed rate to a floating rate of interest or vice versa. These are known as Plain Vanilla Swaps. The RBI has currently allowed only these swaps in the Indian market.
The most common type of swaps is where one party agrees to pay a fixed rate of interest (fixed-rate payer) to the other party who agrees to pay a floating rate of interest (floating-rate payer). The payments are exchanged on designated dates during the life of the contract at agreed rates.

Suppose, the view on interest rate is that they would come down over the next three months if a particular investment is yielding a rate of return at 10% p.a. Currently, the Fund Manager would like to lock-in this rate of return which in a downward interest rate scenario would appear attractive.

He, then, enters into a swap transaction with a counterparty that is willing to pay a fixed rate of 10% p.a. and accept a floating rate linked to say, MIBOR which would vary everyday but is currently at 7% p.a. The transaction would be represented thus: Receives fixed rate @10% p.a. RMF Counterparty B Pays Floating Rate MIBOR

Note:
1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

Forward Rate Agreements (FRAs):
A FRA is a financial contract between parties agreeing to exchange interest payments for a notional principal amount on settlement dates for a specified period from start date to maturity date.

A FRA enables parties to fix interest cost on a future borrowing or fix an interest rate for a future investment.

Hedging a future asset:
Example: Suppose, RMF has funds to invest after two months for a period of three months. The Fund Manager expects interest rates to soften in the next two months. He, therefore, would like to lock-in the interest rate today for his investment to be made after two months. The instrument in which he wishes to invest is a 91-day Treasury Bill at 8.25% p.a. He, therefore, enters into an agreement where he sells a 2 x 5 FRA for a notional principal amount. 2 represents the start date of the FRA and 5 represents the maturity date or end date.

The details will be as under:
Asset: 91-day T Bill
Tenor: 3 months commencing from 2 months from date of agreement.
Indicative 2 x 5 : 8.25% p.a.
Benchmark: 91-day T Bill cut-off yield on the last auction preceding settlement date
So RMF receives 8.25% p.a. on the notional amount on settlement date. Counterparty will receive 91-day T Bill cut-off rate on the 91-day T Bill auction, on the auction just preceding the settlement date.
Both, IRS and FRAs can be thus effectively used as hedging products for interest rate risks.

Risk Factors:
Derivatives products carry the credit risk (risk of default by counterparty), market risk (due to market movements) and liquidity risk (due to lack of liquidity in derivatives).
1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

In terms of SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010, following shall be applicable:
1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
4. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
5. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
   a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
   b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
   c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
   d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
6. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
7. Definition of Exposure in case of Derivative Positions: Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Future</td>
<td>Futures Price * Lot Size * Number of Contracts</td>
</tr>
<tr>
<td>Short Future</td>
<td>Futures Price * Lot Size * Number of Contracts</td>
</tr>
<tr>
<td>Option bought</td>
<td>Option Premium Paid * Lot Size * Number of Contracts</td>
</tr>
</tbody>
</table>
8. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

The AMC retains the right to enter into such derivative transactions as may be permitted by the SEBI regulations from time to time.

**PORTFOLIO TURNOVER POLICY:**
Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. Portfolio turnover in the scheme will be a function of market opportunities. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. The AMC 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 securities held in the portfolio rather than an indication of change in AMC’s view on a security etc. However, the AMC will take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets.

**F. FUNDAMENTAL ATTRIBUTES**
Following are the fundamental attributes in accordance with Regulation 18(15)(A) of the SEBI (MF) Regulations, 1996:

1. **Type of scheme**
   - A Close Ended Hybrid Scheme

2. **Investment Objectives**
   - **a) Main Objective:**
     The Scheme seeks to generate returns and reduce interest rate volatility, through a portfolio of fixed income securities that are maturing on or before the maturity of the Scheme along with capital appreciation through equity exposure.

   - **b) Investment Pattern:**

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Asset Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities**</td>
<td>Minimum: 35%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Money Market Instruments**</td>
<td>Maximum: 95%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Equities &amp; Equity related Instruments ** (including options premium)</td>
<td>5%</td>
<td>Medium to High</td>
</tr>
</tbody>
</table>

# including investments in ADR/GDR/Foreign securities up to 40%. *Investments in Derivatives could be made as per applicable Regulatory guidelines including investments in Options. The option premium shall be for the purpose of exposure to derivative instruments which shall be restricted to low call options. The options premium offers the actual equity market exposure. In such cases, the total exposure related to option premium paid shall not exceed 20% of the net assets of the scheme. Moreover, this upper limit of 20% investments in options premium, if any, shall be applicable only at the time of investment. If due to market actions the value of options appreciates/depreciates resulting in breach of the limit of 20%, the fund manager may or may not rebalance the portfolio and may run with the ongoing exposure. However, if the fund manager sells the option before maturity, the reinvestment will be subject to maximum 20% limit on option premium. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. The maturity of the securities (as mentioned in the asset allocation) will be on or before the maturity of the scheme.

**b) Money Market Instruments**
0% 60% Low to Medium

**c) Equities & Equity related Instruments**
5% 20% Medium to High

**2. Investment Objectives**

- **a) Main Objective:**
  The Scheme seeks to generate returns and reduce interest rate volatility, through a portfolio of fixed income securities that are maturing on or before the maturity of the Scheme along with capital appreciation through equity exposure.

- **b) Investment Pattern:**

<table>
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</table>

# including investments in ADR/GDR/Foreign securities up to 40%. *Investments in Derivatives could be made as per applicable Regulatory guidelines including investments in Options. The option premium shall be for the purpose of exposure to derivative instruments which shall be restricted to low call options. The options premium offers the actual equity market exposure. In such cases, the total exposure related to option premium paid shall not exceed 20% of the net assets of the scheme. Moreover, this upper limit of 20% investments in options premium, if any, shall be applicable only at the time of investment. If due to market actions the value of options appreciates/depreciates resulting in breach of the limit of 20%, the fund manager may or may not rebalance the portfolio and may run with the ongoing exposure. However, if the fund manager sells the option before maturity, the reinvestment will be subject to maximum 20% limit on option premium. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. The maturity of the securities (as mentioned in the asset allocation) will be on or before the maturity of the scheme.

**b) Money Market Instruments**
0% 60% Low to Medium

**c) Equities & Equity related Instruments**
5% 20% Medium to High

3. **Terms of Issue**

- **a) Liquidity provisions such as repurchase/redemption of units -**
  Reliance Dual Advantage Fixed Tenure Fund II - Plan E, being a Close Ended Hybrid Scheme; the units can be purchased only during the New Fund Offer (NFO) period of the scheme.
No redemption/repurchase of units shall be allowed prior to the maturity of the Scheme.

The Regulations require that every close-ended scheme (except Equity Linked Saving Scheme) shall be mandatorily listed on a recognised stock exchange. The units of the plan under the scheme will be listed on the National Stock Exchange of India Ltd. (NSE). However the trustees reserve the right to list the units of the plan on any other Stock Exchange. Since units are proposed to be listed on the NSE, an investor can buy/sell units of the Plan under the Scheme on a continuous basis on the NSE and other recognized stock exchanges where units will be listed.

Investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund on the maturity of the Scheme. However the units held in dematerialized form can be traded on the Stock Exchange.

The requirement of minimum investment will not be applicable on listing of units. The trading lot is one unit of the Plan. Investors can purchase units at market prices, which may be at a premium/discount to the NAV of the scheme depending upon the demand and supply of units at the exchanges.

Buying / selling units on the stock exchange are just like buying / selling any other normal listed securities. If an investor has bought units, an investor has to pay the purchase amount to the broker/sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker/sub broker before the securities pay-in day of the settlement cycle on the exchange.

Units held in dematerialized form can only be traded on the Stock Exchange, where the units are listed.

b) Aggregate Fees and expenses charged to the Scheme

i) New Fund Offer (NFO) Expenses

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

The NFO expenses shall be borne by the AMC.

ii) Annual Scheme Recurring Expenses

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents’ fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 2.25% of the daily or average weekly net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management &amp; Advisory Fees</td>
<td>1.25</td>
</tr>
<tr>
<td>Custodial Fees</td>
<td>0.02</td>
</tr>
<tr>
<td>Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/re redemption, cheques/warrants etc.</td>
<td>0.04</td>
</tr>
<tr>
<td>Marketing &amp; Selling Expenses including Agents Commission and statutory expenses</td>
<td>0.20</td>
</tr>
<tr>
<td>Brokerage &amp; Transaction Cost pertaining to the distribution of units</td>
<td>0.70</td>
</tr>
<tr>
<td>Audit Fees/ Fees and expenses of trustees</td>
<td>0.01</td>
</tr>
<tr>
<td>Costs related to investor communications</td>
<td>0.01</td>
</tr>
<tr>
<td>Costs of fund transfer from location to location</td>
<td>-</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.02</td>
</tr>
<tr>
<td><strong>Total Recurring Expenses</strong></td>
<td><strong>2.25</strong></td>
</tr>
</tbody>
</table>

*The above expenses are estimates only and are subject to change as per actuals.

Investors are requested to note that w.e.f December 11, 2008, listing fees is a permissible expense which will be charged to the scheme within the above mentioned limits as under Regulation 52(4).

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

Expenses on an ongoing basis will not exceed the following percentage of the daily or average weekly net assets or such maximum limits as may be specified by SEBI Regulations from time to time.

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>Maximum Expenses %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs.100 crores</td>
<td>2.25%</td>
</tr>
<tr>
<td>Next Rs. 300 crores</td>
<td>2.00%</td>
</tr>
<tr>
<td>Next Rs.300 crores</td>
<td>1.75%</td>
</tr>
<tr>
<td>Balance</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

The total expenses of the Scheme including the investment management and advisory fee shall not exceed the limit stated in Regulation 52(6).

While the AMC fees remains the same, other expenses, namely, Marketing Expenses and Operational Expenses may change inter se and the total expenses shall not exceed 2.25% of the amount of the Scheme’s daily or average weekly net
assets. Subject to SEBI Regulations, the AMC reserve the right to modify the above estimate for recurring expenses on a prospective basis.

As per the Regulations, RCAM can charge Investment Management fees @ 1.25% of the daily or average weekly net assets for net assets upto Rs.100 crores and 1% on the balance amount above Rs.100 crores, calculated on a daily basis. However, no AMC fees shall be chargeable on RCAM’s investment in the Scheme.

The Trustee Company, RCTC, shall be entitled to receive a sum computed @ 0.05% of the Unit Capital of all the Schemes of RMF on 1st April each year or a sum of Rs.5,00,000/- which ever is lower or such other sum as may be agreed upon between the Settlor (RCL) and the Trustee (RCTC) from time to time in accordance with the SEBI Regulations or any other authority, from time to time.

The above estimates have been made in good faith as per the information available to RCAM and are subject to change as per actuals. The expenses under any head may be more or less than as specified expenses in the table above, but the total recurring expenses that can be charged to the Scheme will be within the limits specified above and/or as per the SEBI (MF) Regulations from time to time.

c) Any safety net or guarantee provided – Not Applicable

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

i. 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

ii. The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

Crisil MIP Blended Fund Index

An index of this kind, generally serves as an indicator for all the market participants in the category, to benchmark their performance against the index. The portfolios are similar not only in term of the construct but also in terms of risk return parameters in question. Using this benchmark shall provide the investor with an independent and representative comparison with the fund Portfolio.

H. WHO MANAGES THE SCHEME?

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Educational Qualification</th>
<th>Type and Nature of past experience including assignments held during the past 10 years</th>
<th>Name of the Scheme managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Krishan Daga</td>
<td>40</td>
<td>B.Com.</td>
<td>May 2008 till date Reliance Capital Asset Management Limited Fund Manager – Equity : Managing funds and Portfolio analysis based on quantitative skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>February 2008 till April 2008 Reliance Capital Asset Management Limited Vice President – Equity : Portfolio analysis based on quantitative skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>July 2007 till January 2008 Reliance Capital Limited Vice President : Managing Database /quantitative analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>February 2006 till June 2006 B&amp;K Securities Database Analyst : Managing Database /quantitative analysis</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>July 2005 till January 2006 Brics Securities Database Analyst : Managing Database /quantitative analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>October 2004 till July 2005 J P Morgan Securities Associate : Managing Database /quantitative analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>April 1995 till October 2004 HSBC Securities Statistician : Managing Database /quantitative analysis</td>
<td></td>
</tr>
</tbody>
</table>
I. WHAT ARE THE INVESTMENT RESTRICTIONS?

The investment policy of the scheme complies with the rules, regulations and guidelines laid out in SEBI (Mutual Funds) Regulations, 1996. As per the Regulations, specifically the Seventh Schedule, the following investment limitations are currently applicable:

1. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of asset management company.

   Provided that such limit shall not be applicable for investments in Government securities.

2. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of asset management company.

   Note: Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified above. Further, it is clarified that the investment limits mentioned above are applicable to all debt securities which are issued by public bodies/institutions such as electricity boards, municipal corporations, state transport corporations etc. guaranteed by either central or state government. Government securities issued by central/state government or on its behalf by RBI are exempt from the above referred investment limits.

3. The Scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer:

   Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.

4. The Mutual Fund under all its schemes taken together will not own more than 10% of any companies paid up capital carrying voting rights.

5. Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if:

   i. Such transfers are done at the prevailing market price for quoted instruments on spot basis;

   ii. The securities so transferred shall be in conformity with the investment objectives & policies of the Scheme to which such transfer has been made.

6. The Scheme may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all Schemes under the same management company or in schemes under the management of any other AMC shall not exceed 5% of NAV of the Mutual Fund. [Provided that this clause shall not apply to any fund of funds scheme.]

7. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions or engage in badla finance:

   a. Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:

   b. Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.

   c. Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

8. The Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned scheme, wherever investments are intended to be of a long-term nature.

9. The fund's schemes shall not make any investment in:

   i. Any unlisted security of an associate or group company of the sponsor

   ii. Any security issued by way of private placement by an associate or group company of the sponsor

   iii. The listed securities of group companies of the sponsor which is in excess of 25% of the net assets of the scheme.
10. The Scheme shall not invest in a fund of funds scheme.

11. Pending deployment of funds of the scheme in securities in terms of the investment objectives and policies of the scheme, the Mutual Fund can invest the fund of the scheme in short term deposits of scheduled commercial banks subject to the guidelines as applicable from time to time.

12. No term loans for any purpose will be advanced by the Scheme.

13. The Fund shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments.

14. The Scheme shall not invest more than 10% of its NAV in equity shares/equity related instruments of any company. Provided that, the limit of 10% shall not be applicable for investments in index fund or sector/industry specific scheme.

15. 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, if any, shall be brought to the notice of the Trustees by RCAM and be disclosed in the half-yearly and annual accounts with justification for such investment provided that the latter investment has been made within one year of the date of the former investment calculated on either side.

16. The Scheme may invest in Overseas securities in accordance with the regulations as applicable from time to time.

17. The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

18. Aggregate value of 'illiquid securities' of the Scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the Scheme.

19. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / Redemption of Units or payment of interest and Dividend to the Unitholders.

Provided that the Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

All investment restrictions stated above shall be applicable at the time of making investment.

The Scheme will not enter into any transaction which exposes it to unlimited liabilities or results in the encumbering of its assets in any way so as to expose them to unlimited liability.

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. Changes do not have to be effected merely because of 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 objectives & policies. As such all investments of the Scheme will be made in accordance with the Regulations, including Schedule VII thereof and the Fundamental Attributes of this Scheme.

At RMF, to ensure robust risk management and adequate portfolio diversification internal Investment policy for various debt schemes has been framed. The investment policy at RMF specifies limits both on overall basis (across all schemes) as well as on individual scheme level. Guidelines for following parameters for liquid as well as non liquid schemes have been specified in the policy:

1. **Eligible Instruments**: Defines the eligible instruments where the scheme can invest

2. **Minimum Liquidity**: Defines the instruments considered as liquid instruments and the minimum investments in these instruments as a percentage of total net assets

3. **Maximum Illiquid component**: Defines the instruments considered as illiquid and the maximum investment that can be made in these instruments as a percentage of net assets.

4. **Rating**: Defines minimum and/or maximum investment in a particular rating as a percentage of total portfolios.

5. **Maturity**: Defined the weighted average maturity of a portfolio. Also defines the weighted average maturity, maximum and maturity for certain asset types like corporate bond, Gilts etc.

**Investment by the AMC in the Scheme**

RCAM reserves the right to invest its own funds in the Scheme upto a maximum extent of its networth. As per The Regulations, such investments are permitted, subject to disclosure being made in the Scheme Information Document. Further, RCAM shall not charge any fees on its investment in the Scheme, unless allowed to do so under The Regulations in the future.

**J. HOW HAS THE SCHEME PERFORMED?**

This Scheme is a new scheme and does not have any performance track record.
III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

A. NEW FUND OFFER (NFO)

New Fund Offer Period

This is the period during which a new scheme sells its units to the investors.

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Duration/Tenor*</th>
<th>New Fund Offer Opens</th>
<th>New Fund Offer Closes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance Dual Advantage Fixed Tenure Fund II – Plan E</td>
<td>3 Years from the date of allotment of units</td>
<td>July 17, 2012</td>
<td>July 31, 2012</td>
</tr>
</tbody>
</table>

*The maturity period will be calculated from the date of allotment of units. However if the maturity date falls on a non working day, the succeeding working day shall be considered for the purpose of maturity date of the Scheme.

New Fund Offer Price

This is the price per unit that the investors have to pay to invest during the NFO.

The New Fund Offer price will be Rs. 10/- per unit.

Minimum Amount for Application in the NFO

Rs. 5000/- per option and in multiples of Re. 1 thereafter.

Minimum Target amount

This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within five business days, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of five business days from the date of closure of the subscription period.

Rs. 20 Crore

Maximum amount to be raised (if any)

This is the maximum amount which can be collected during the NFO period, as decided by the AMC.

There will not be any limit on the amount to be raised and the Fund will make full and firm allotment against all valid applications.

Plans / Options offered

The Scheme will have Growth Option and Dividend Payout Option

Growth Option

No dividend distribution is envisaged under this option. The income attributable to the units allotted under this option will continue to remain invested in the option and will be reflected in the Net Asset Value of units under the option.

Dividend Payout Option

Distribution of dividend will be subject to the availability of distributable surplus, as computed in accordance with the SEBI Regulations and the Mutual Fund reserves the right to declare dividends during the interim period. There is no assurance or guarantee as to the rate and frequency of dividend distribution.

Dividends as and when declared will be paid to eligible unitholders of record, within 30 days of the declaration of dividend. The actual date of declaration of dividend will be notified by display at the designated investor service centers.

Investors are required to clearly indicate the plans/options in the application form of the scheme. In the absence of clear indication as to the choice of Option (Growth or Dividend Payout), by default, the units will be allotted under the Growth Option of the Plan.

Effect of Dividends

Whenever dividends are paid, the net asset value attributable to unitholders in the respective Dividend Plans will stand reduced by an amount equivalent to the product of the number of units eligible for dividend and the gross amount of dividend per unit declared on the record date. The NAV of the Unitholders in the Growth Option will remain unaffected by the payment of dividend. The AMC reserves the right to introduce a new Plan/Option at a later date.
**Dividend Policy**

Dividend declaration / distribution shall be made in accordance with SEBI circular no. SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006 or any amendment thereto from time to time.

Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving dividends. Further, the NAV shall be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.

**Allotment**

All applicants, whose applications are valid in all respects and whose payment has been received / realised shall receive full and firm allotment of units.

The process of allotment of units and mailing of account statement will be completed within five business days from the date of closure of the new fund offer period. The AMC / Fund retain the right to reject any application without assigning any reason.

Upon allotment, an Account Statement, showing the number of units, allotted will be sent to each unit holder. The Account Statement shall be non transferable.

The Fund reserves right to provide the account statement / transaction confirmation slip to investor through an alternative mechanism as may be decided by the Fund, from time to time with the consent of the investor, which may include electronic means of communication such as e-mail. For example, if an investor redeems or switches his units to another scheme / plan through the internet, then an on-line account statement / transaction confirmation may be provided to the investor or the same may be sent to his email address.

All Units will rank pari passu amongst Units within the same Scheme as to assets, earnings and the receipt of dividend distribution, if any.

In case of Unitholder who have provided their e-mail address the Fund will provide the Account Statement only through e-mail message, subject to SEBI Regulations and unless otherwise required. Subject to the SEBI Regulations, the AMC / Trustee may reject any application received in case the application is found invalid/incomplete or for any other reason in their sole discretion. All allotments will be provisional, subject to realisation of payment instrument and subject to the AMC having been reasonably satisfied about receipt of clear funds.

No Account Statements will be issued to investors opted to hold units in dematerialized mode.

**Refund**

If any application is rejected, full amount will be refunded within five business days of closure of the NFO. No interest will be payable on any subscription money refunded within five business days. If refunded later than five business days, interest @ 15% p.a. for the delay period will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of five business days until the actual date of the refund.

Refund orders will be marked “A/c. payee only” and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases, mentioning the bank account number and bank name of the sole / first applicant, as specified in the application form. In case the bank account details are not available or incomplete, the refund order will be issued without the bank account details of the applicant at the applicant’s own risk.

The bank and/or collection charges, if any, will be borne by the applicant. All the refund payments will be sent by registered post or courier service or as required under The Regulations.

**Who can invest**

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.

| 1. Resident Indian adult individuals, either singly or jointly (not exceeding three); |
| 2. Minor through parent / lawful guardian; |
| 3. Non-Resident Indians (NRIs) / Persons of Indian Origin (PIO) on full repatriation basis or on non–repatriation basis; |
| 4. A Hindu Undivided Family (HUF) through its Karta; |
| 5. Companies, bodies corporate, public sector undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860; |
| 6. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in mutual fund schemes under their trust deeds; |
| 7. Partnership Firms constituted under Partnership Act, 1932; |
| 8. Banks (incl. Co-operative Banks and Regional Rural Banks); |
| 9. Financial Institutions; |
| 10. Army, Air Force, Navy and other para-military funds and eligible institutions; |
| 11. Scientific and Industrial Research Organisations; |
| 12. Provident / Pension / Gratuity and such other Funds as and when permitted to invest; |
| 13. International Multilateral Agencies approved by the Government of India / RBI; |
| 14. The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws); and |
| 15. A Mutual Fund through its schemes, including Fund of Funds schemes; |
| 16. Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis; |
The units of the scheme shall be listed on National Stock Exchange of India Limited (NSE) and/or Listing

How to Apply

Please refer to the SAI and Application form for the instructions.

Listing

The units of the scheme shall be listed on National Stock Exchange of India Limited (NSE) and / or any of the recognised Stock Exchanges in India.

The Regulations require that every close-end scheme (except Equity Linked Saving Scheme) be mandatorily listed on a recognised stock exchange.

Investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund on the maturity of the Scheme. Buying or selling of Units by investors can be done from the secondary market on the stock exchange(s) at market prices. It may please be noted that trading in the Units over the stock exchange will be permitted in electronic (dematerialised) form only.

Special Products / facilities available during the NFO

Since this is a close ended scheme, special features such Systematic Investment Plan; Systematic Transfer Plan & Systematic Withdrawal Plan shall not be available.

Auto Switch Facility

This fund will offer an auto switch facility from all liquid and debt schemes to Reliance Dual Advantage Fixed Tenure Fund II - Plan E during the NFO.

However, RCAM reserves the right to extend or limit the said facility on such terms and conditions as may be decided from time to time.

Applications Supported by Blocked Amount (ASBA) facility

ASBA facility will be provided to the investors subscribing to NFO of the Scheme. It shall co-exist with the existing process, wherein cheques/ demand drafts are used as a mode of payment.

Note

1. Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.

2. In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, along with a certified copy of the Memorandum and Articles of Association and/or bye-laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions.

3. RCAM reserves the right to invest its own funds in the Scheme(s) up to a maximum extent of its networth. In terms of The Regulations, such investments are permitted, subject to disclosure being made in the respective Scheme Scheme Information Documents (s). Further, RCAM shall not charge any fees on its investment in the Scheme(s), unless allowed to do so under The Regulations in the future.

4. It is expressly understood that at the time of investment, the investor/unit holder has the express authority to invest in units of the Scheme and the AMC / Trustee / Mutual Fund will not be responsible if such investment is ultravires the relevant constitution.

5. RCAM reserves the right to include / exclude new / existing categories of investors to invest in this Scheme from time to time, subject to The Regulations, if any.

6. A Minor unit holder, upon becoming a major, is required to inform the AMC/ Registrar about attaining majority and provide his specimen signature duly authenticated by his banker as well as his details of bank account and PAN to enable the Registrar to update the records and allow him to operate the Account in his own right / capacity as an individual.

Where can you submit the filled up applications

Investors may submit the duly completed application forms along with the payment instrument at any of the Designated Investor Service Centres mentioned in this Scheme Information Document or any other location designated as such by the AMC, at a later date. The addresses of the Designated Investor Service Centres are given at the end of this Scheme Information Document and also on the website, www.reliancemutual.com

Investors in cities other than where the Designated Investor Service Centres (DISC) are located, may forward their application forms to any of the nearest DISC, accompanied by Demand Draft/s payable locally at that DISC.

As per the directives issued by SEBI, it is mandatory for an investor to declare his/her bank account number in the application form. This is to safeguard the interest of unit holders from loss or theft of their redemption cheques / DDs. Investors are requested to provide their bank details in the Application Form failing which the same will be rejected as per current Regulations.

ASBA applications can be submitted only at Self Certified Syndicate Bank (SCSB) at their designated branches. List of SCSBs and their designated branches shall be displayed on the SEBI’s website (www.sebi.gov.in).

How to Apply

Please refer to the SAI and Application form for the instructions.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same

<table>
<thead>
<tr>
<th>Restrictions, if any, on the right to freely retain or dispose of units being offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trading and Demat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors holding the units by way of an account statement (physical form) will not be able to trade their units till they are dematerialized. The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges.</td>
</tr>
<tr>
<td>Since the scheme is going to be listed and no direct repurchase facility is available with the Mutual Fund, the investors who intend to trade in units are required to have a Demat Account and hold the units in the dematerialized form only. This being a Closed Ended Scheme, no premature redemption can be made through redemption instruction to the Mutual Fund until Maturity.</td>
</tr>
<tr>
<td>However, the Scheme provides for liquidity through listing on the NSE (and any other recognized stock exchange where the units are listed).</td>
</tr>
<tr>
<td>Unitholders who intend to avail of the facility to trade in units are required to have a Demat Account.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pledge/Lien</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incase of pledged units, the parties to the pledge shall report to the registrar after the suspension of trading but prior to the maturity of the scheme.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad and Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India for investing in / redeeming units of the mutual funds subject to conditions set out in the Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.</td>
</tr>
<tr>
<td>In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or bye-laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions.</td>
</tr>
<tr>
<td>Investors are mandatorily required to mention their bank account numbers in their application form. In the absence of the same, the application will be liable to be rejected.</td>
</tr>
<tr>
<td>The AMC reserves the right to invest its own funds in the Scheme(s) upto a maximum extent of its networth. As per SEBI Regulations, such investments are permitted, subject to disclosure being made in the Scheme Information Document. Further, the AMC shall not charge any fees on its investment in the Scheme, unless allowed to do so under SEBI Regulations in the future.</td>
</tr>
<tr>
<td>A Minor unit holder, upon becoming a major, is required to inform the AMC/ Registrar about attaining majority and provide his specimen signature duly authenticated by his banker as well as his details of bank account and PAN to enable the Registrar to update the records and allow him to operate the Account in his own right / capacity as an individual. Subject to the Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the Trustee.</td>
</tr>
<tr>
<td>For example, the Trustee may reject any application for the Purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or all of the Schemes’ Unit capital is not in the general interest of the Unit Holders, or if the Trustee for any other reason does not believe that it would be in the best interest of the Schemes or its Unit Holders to accept such an application. The AMC / Registrars may need to obtain from the investor proof of identity or such other details relating to a subscription for units as may be required under any applicable laws, which may result in delay in processing the application. The normal time taken to process redemption and / or purchase requests, as mentioned earlier, may not be applicable extraordinary circumstances as mentioned above. An order/ request to purchase Units is not binding on and may be rejected by the Trustee, the AMC or Registrars, unless it has been confirmed in writing by the AMC or its agents and (or) payment has been received / realized.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. ONGOING OFFER DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Offer Period</td>
</tr>
<tr>
<td>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternate means of transaction - Online Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility of online transactions is available on the official website of RMF i.e. <a href="http://www.reliancemutual.com">www.reliancemutual.com</a>. Consequent to this, the said website is declared to be an “official point of acceptance” for applications for subscriptions or switches during the NFO period. Investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms &amp; conditions as stipulated by RMF / RCAM from time to time and any law for the time being in force.</td>
</tr>
</tbody>
</table>

| The units under the scheme once repurchased, shall not be reissued. |

The Units of the Scheme will not be available for Subscriptions/ Switch-in after the closure of NFO period. Similarly, the Units of the Scheme will not be available for Redemption /Switch-out after the closure of NFO period. To provide liquidity to the investors, the Fund proposes to list the units of the scheme on any of the recognised Stock Exchanges in India. |

The Units of the Scheme will not be available for subscriptions / switch-in after the closure of NFO Period. |
<table>
<thead>
<tr>
<th><strong>Ongoing price for redemption (sale) / switch outs (to other schemes/plans of the Mutual Fund) by investors.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the time before which your application (complete in all respects) should reach the official points of acceptance. Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: Rs. 10*(1-0.02) = Rs. 9.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cut off timing for subscriptions / redemptions / switches</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>For Purchases including switch-ins</td>
</tr>
<tr>
<td>The Units of the Scheme will not be available for subscriptions / switch-in after the closure of NFO Period.</td>
</tr>
<tr>
<td>For Redemptions including switch-outs</td>
</tr>
<tr>
<td>No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be paid out within 10 business days, subject to availability of all relevant documents and details.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Where can the applications for purchase/redemption switches be submitted?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Units of the Scheme will not be available for subscriptions / redemptions / switch-in / switch out after the closure of NFO Period.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Minimum amount for purchase / redemption / switches</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>No purchase/redemption/repurchase/switch of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be paid out within 10 business days, subject to availability of all relevant documents and details.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Special Products available</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Since this is a close ended scheme, special features such Systematic Investment Plan, Systematic Transfer Plan &amp; Systematic Withdrawal Plan shall not be available.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Accounts Statements</strong></th>
</tr>
</thead>
</table>
| With effect from October 1, 2011, in accordance with SEBI Circular No. Cir/ IMD/ DF/16/ 2011 dated September 8, 2011, the investor whose transaction has been accepted by the RCAM/RMF shall receive the following:

(i) On acceptance of the application, a confirmation by way of email and/or SMS within 5 Business Days from the date of receipt of transaction request will be sent to the Unit holder(s) registered e-mail address and/or mobile number.

(ii) Thereafter, a CAS shall be issued for each calendar month on or before 10th of the immediately succeeding month to the Unit holder(s) in whose folio(s) transaction(s) has/have taken place during the month by physical/e-mail mode. The CAS shall contain details relating to all the transactions carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month including transaction charges paid to the distributor. The word ‘transaction’ shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.

(iii) For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN). In case of a specific request received from the Unit holders, RCAM / RMF will provide the account statement to the investors within 5 Business Days from the receipt of such request. In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/account statement. CAS shall not be received by the Unit holders for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN. For Micro SIP and Sikkim based investors whose PAN details are not mandatorily required to be updated Account Statement will be dispatched by RCAM/RMF for each calendar month on or before 10th of the immediately succeeding month. Further, CAS detailing holding of investment across all schemes of all mutual funds at the end of every six months (i.e. September/ March), shall be sent by mail/e-mail on or before 10th day of succeeding month as the case may be, to all such Unit holders in whose folios no transaction has taken place during that period. The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically. |

<table>
<thead>
<tr>
<th><strong>Dividend</strong></th>
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</thead>
<tbody>
<tr>
<td>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</td>
</tr>
</tbody>
</table>
### C. PERIODIC DISCLOSURES

#### Net Asset Value
This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.

#### Half Yearly Disclosures:
- **Portfolio / Financial Results**
  - Before expiry of one month from the close of each half year that is on 31/3 and 30/9, the Fund shall publish its unaudited / audited financial results in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the fund is situated. These shall also be displayed on the web site of the Reliance Mutual Fund that is www.reliancemutual.com and that of AMFI www.amfiindia.com. 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 web site of mutual fund.

#### Annual Report
Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unitholders (through an e-mail or otherwise in line with SEBI (Mutual Funds) Regulations, 1996) within four months from the date of closure of the relevant accounts year i.e. 31st March each year.

#### Associate Transactions
Please refer to Statement of Additional Information (SAI).

#### Taxation
The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

#### Taxation of income earned on mutual fund units under the Income Tax Act, 1961 as proposed by Finance Act 2012

<table>
<thead>
<tr>
<th>Nature of Income</th>
<th>Dividend</th>
<th>Tax free</th>
<th>Tax free</th>
<th>NRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Distribution Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Money market and Liquid schemes 2</td>
<td>25% + 5% surcharge + 3% cess = 32.445%</td>
<td>Tax free</td>
<td>Tax free</td>
<td>25% + 5% surcharge + 3% cess = 27.0375%</td>
</tr>
<tr>
<td>In Other schemes</td>
<td>12.5% + 5% surcharge + 3% cess = 13.51875%</td>
<td>Tax free</td>
<td>Tax free</td>
<td>12.5% + 5% surcharge + 3% cess = 13.51875%</td>
</tr>
</tbody>
</table>

### Delay in payment of redemption / repurchase proceeds
The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

### Transfer, Transmission, Nomination, Lien, Pledge, Duration of the Scheme and Mode of Holding
Please refer SAI for details.
<table>
<thead>
<tr>
<th></th>
<th>Long Term Capital Gain(^3)</th>
<th>Short Term Capital Gain(^3)</th>
</tr>
</thead>
</table>
|                           | \([10\% \text{ without} \  \\
|                           | \text{indexation} \  \\
|                           | \text{or} \  \\
|                           | \text{20\% \text{ with} \  \\
|                           | \text{indexation} \  \\
|                           | \text{whichever is lower}] + \\
|                           | 3\% \text{ Education cess}\(^*\) | Will be taxed at the \text{normal rates depending} \text{ upon the slab of each individual} |
|                           | \([10\% \text{ without} \  \\
|                           | \text{indexation} \  \\
|                           | \text{or} \  \\
|                           | \text{20\% \text{ with} \  \\
|                           | \text{indexation} \  \\
|                           | \text{whichever is lower}] + \\
|                           | \text{surcharge} + \  \\
|                           | \text{Education cess as applicable}\(^4\) | Will be taxed at the \text{normal rates depending} \text{ upon the slab of each individual} |

**Securities Transaction Tax**

| Securities Transaction Tax (STT) | Nil | Nil | Nil |

**Notes**

1. Equity oriented funds has been defined under sections 10(38) of the Indian Income Tax Act 1961 as under:
   - “equity oriented fund” means a fund —
     1. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
     2. which has been set up under a scheme of a Mutual Fund specified under clause (23D):
   - Provided that the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;”

   **Other than equity oriented fund shall be construed accordingly.**

2. The expression “money market mutual fund” has been defined under Explanation (d) to Section 115T of the Act, which means a scheme of a mutual fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

   The expression “liquid fund” has been defined under Explanation (e) to Section 115T which means a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder.

3. Short Term Capital Gain would mean gain on sale/redemption/repurchase of mutual fund units held for not more than 12 months and Long Term Capital Gain would mean gain other than Short Term Capital Gain.

4. The tax rates will be increased by surcharge, education cess and secondary and higher secondary education cess as applicable.

5. The Finance Act, 2012 provides for tax on long-term capital gains in case of non-residents @ 10\% on transfer of capital assets, being unlisted securities, computed without giving effect to first & second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit. Listed Securities mean securities defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (32 of 1956) and which are listed on any recognised stock exchange in India.

   Non Listed securities mean securities other than Listed Securities.

6. Reliance Mutual Fund is registered with SEBI and as such is eligible for benefits under Section 10 (23D) of the Income Tax Act 1961. Accordingly its entire income is exempt from tax.

   **For further details on Taxation please refer to the Clause on Taxation in the SAI.**

**Investor services**

Mr. Bhalchandra Joshi is the Investor Relations Officer for the Fund. All related queries should be addressed to him at the following address:

**Mr. Bhalchandra Joshi, Head – Service Delivery and Operations Excellence**

Reliance Capital Asset Management Limited
11th floor, One Indiabulls Centre, Tower 1, Jupiter Mills Compound, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013
 Tel No. - 022-30994600 • Fax No. - 022-30994699
 Email: bhalchandra.y.joshi@relianceada.com
The Net Asset Value (NAV) of the Units will be determined daily or as prescribed by the Regulations. The NAV shall be calculated in accordance with the following formula, or such other formula as may be prescribed by SEBI from time to time.

\[
\text{NAV} = \frac{\text{Market/Fair Value of Scheme's Investments} + \text{Receivables} + \text{Accrued Income} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{Number of Units Outstanding}}
\]

**Rounding off policy for NAV**

Net Asset Value of the Units in the Scheme is calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. The NAV will be computed up to four decimal places.

**Policy on computation of NAV in case of investment in foreign securities**

The exchange gain / loss resulting from the foreign securities exchange rates conversion shall be recognized as unrealized exchange gain / loss in the books of the Scheme on the day of valuation. Further, the exchange gain / loss resulting from the settlement of assets / liabilities denominated in foreign currency shall be recognized as realized exchange gain /loss in the books of the scheme on the settlement of such assets / liabilities for NAV computation.

For further detail on valuation of foreign securities, please refer SAI.
IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the schemes.

A. NEW FUND OFFER (NFO) EXPENSES

Please refer Section II para F Point 3 (b)

B. ANNUAL SCHEME RECURRING EXPENSES

Please refer Section II para F Point 3 (b)

C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. For the current applicable structure, please refer to the website of the AMC (www.reliancemutual.com) or may call at (toll free no. 1800 300 11111) or your distributor.

<table>
<thead>
<tr>
<th>Type of Load</th>
<th>Load chargeable (as a % of NAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry</td>
<td>Nil</td>
</tr>
<tr>
<td>Exit</td>
<td>Nil</td>
</tr>
<tr>
<td>Inter Option Switch within the Plan of the Scheme</td>
<td>Inter Option Switch is not applicable (i.e. within growth and dividend payout options).</td>
</tr>
<tr>
<td>Contingent Deferred Sales Charge (CDSC)</td>
<td>0%</td>
</tr>
</tbody>
</table>

1 In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by RMF with effect from August 01, 2009.

The upfront commission on investment made by the investor, if any, will be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder.

2 With effect from August 01, 2009, exit load/ CDSC (if any) up to 1% of the redemption value charged to the unit holder by RMF on redemption of units will be retained by the schemes in a separate account and will be utilized for payment of commissions to the ARN Holder and to meet other marketing and selling expenses.

Any amount in excess of 1% of the redemption value charged to the unit holder as exit load/ CDSC will be credited to the respective scheme immediately.

Pursuant to SEBI circular No. SEBI/IMD/CIR No. 14/120784/08 dated March 18, 2008, with effect from April 1, 2008, no entry load or exit load shall be charged in respect of bonus units and of units allotted on reinvestment of dividend.

Load amounts are variable and are subject to change from time to time. RCAM, in consultation with the Trustees, reserves the right to change the load structure if it so deems fit in the interest of smooth and efficient functioning of the scheme.

Any imposition or enhancement in the load shall be applicable on prospective investments only. However, RCAM shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors. At the time of changing the load structure:

(i) The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.

(ii) Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office.

(iii) The introduction of the exit load/ CDSC alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load/CDSC

(iv) A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

(v) Any other measures which the mutual funds may feel necessary.

The investor is requested to check the prevailing load structure of the scheme before investing.

For any change in load structure RCAM will issue an addendum and display it on the website/Investor Service Centres.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

Pursuant to SEBI circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load shall be charged for all the mutual fund schemes. Therefore the procedure for the waiver of load for direct application is no longer applicable.

E. TRANSACTION CHARGES:

In accordance with SEBI Circular No. IMD/ DF/13/ 2011 dated August 22, 2011, with effect from November 1, 2011, Reliance Capital Asset Management Limited (RCAM)/ RMF shall deduct a Transaction Charge on per purchase / subscription of Rs. 10,000/- and above, as may be received from new investors (an investor who invests for the first time in any mutual fund schemes) and existing investors. Distributors shall be able to choose to ‘opt out’ of charging the transaction charge. However, the ‘opt-out’ shall be at distributor level and not investor level i.e. a distributor shall not charge one investor and choose not to charge another investor. Such charges shall be deducted
if the investments are being made through the distributor/agent and that distributor / agent has opted to receive the transaction charges as mentioned below:

- For the new investor a transaction charge of Rs 150/- shall be levied for per purchase / subscription of Rs 10,000 and above; and
- For the existing investor a transaction charge of Rs 100/- shall be levied for per purchase / subscription of Rs 10,000 and above.

The transaction charge shall be deducted from the subscription amount and paid to the distributor/agent, as the case may be and the balance shall be invested. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

In case of investments through Systematic Investment Plan (SIP) the transaction charges shall be deducted only if the total commitment through SIP (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000/- and above. In such cases, the transaction charges shall be deducted in 3–4 installments.

Transaction charges shall not be deducted if:

(a) The amount per purchases /subscriptions is less than Rs. 10,000/-;
(b) The transaction pertains to other than purchases/ subscriptions relating to new inflows such as Switch/STP/ DTP, etc.
(c) Purchases/Subscriptions made directly with the Fund through any mode (i.e. not through any distributor/agent).
(d) Subscription made through Exchange Platform irrespective of investment amount.
V. RIGHTS OF UNITHOLDERS

VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS

FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY

AUTHORITY

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

Not applicable

2. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

There were no monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. There were no settlement arrived at with the aforesaid authorities during the last three years.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

There were no enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party.

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

There is no pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party.

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

There was no deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

For and behalf of the Board of Directors of

RELIANCE CAPITAL ASSET MANAGEMENT LIMITED
[Asset Management Company for Reliance Mutual Fund]

Mumbai (Sundeep Sikka)
July 04, 2012
Chief Executive Officer