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KARVY COMPUTERSHARE PRIVATE LIMITED

Aligarh: 72-A, Taylor's Road, Aga Heritage Gandhi Ground,  Amritsar - 143 001.

Ambala: Shop No. 2, 2nd Floor, Khalsa Hospital Complex, Chandi Devi Chowk, Ambala Cantt. - 133 001

Amritsar: 72-A, Taylor's Road, Aga Heritage Gandhi Ground,  Amritsar - 143 001.

Anand: F-6, Chitrangana Complex, Opp: Shivdaya Complex, First Floor, Above Madhuri Cool Drinks, Tilak Road, Akola 444002.

Aligarh: 1st Floor, Kumar Plaza, Aligarh - 202001, Uttar Pradesh.  Allahabad: RSA Towers, 2nd Floor, 1-1500/1, police bazar, allahabad - 211 001.

Allahabad: 1st floor, M.L. Bansal Lane, 8-9, Raj-Bhairavi Building, Allahabad - 211 001.

Amritsar: 72-A, Taylor's Road, Aga Heritage Gandhi Ground,  Amritsar - 143 001.

Andhra Pradesh - 503 001, Noida: 307 Jaipuria Plaza, D 68 A, 2nd Floor, Opp Delhi Public School, Sector 26, Noida - 201301.

Bilaspur: Shop No 201/202, V.R.Plaza, Link Road, Bilaspur - 495001.  Bikaner :2nd Floor, Plot No 70 & 71, Panchshati Circle, Sardul Gunj Scheme, Bikaner – Rajasthan - 334003, near Akbar Hotel, near Akbar Hotel, Opp: State Bank of India, Bikaner - 334001.

Bilaspur: Shop No 201/202, V.R.Plaza, Link Road, Bilaspur - 495001.  Bikaner :2nd Floor, Plot No 70 & 71, Panchshati Circle, Sardul Gunj Scheme, Bikaner – Rajasthan - 334003, near Akbar Hotel, near Akbar Hotel, Opp: State Bank of India, Bikaner - 334001.

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HIGHLIGHTS/SUMMARY OF THE SCHEME

(I) INVESTMENT OBJECTIVE:

The primary investment objective of the scheme is to seek to generate regular returns and growth of capital by investing in a diversified portfolio of:

- Central and State Government securities and
- Other fixed income/ debt securities normally maturing in line with the time profile of the scheme with the objective of limiting interest rate volatility.

(II) LIQUIDITY:

Reliance Fixed Horizon Fund – XV – Series 2, being a close-ended 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 close ended schemes.

Units held in dematerialized form can only be traded on the National Stock Exchange (NSE) and/or any other recognised Stock Exchange, where the units are listed.

(III) BENCHMARK:

Crisil Liquid Fund Index

(IV) TRANSPARENCY/ NAV DISCLOSURE:

- In terms of Regulation 48(2) of the SEBI Mutual Funds Regulation 1996, and SEBI/IMD/CIR No. 12/147132/08 dated December 11, 2008 NAV shall be calculated and published at least in 2 daily newspapers on a daily basis. The NAV also shall be uploaded on the AMFI website, www.amfindia.com and Reliance Mutual Fund website i.e. www.reliancemutual.com on a daily basis.
- Since the Scheme is proposed to be listed on NSE and/or any other recognised Stock Exchange, the listed price would be applicable on the respective Stock Exchange.
- Publication of Abridged Half-yearly Financial Extracts in the Publications or as may be prescribed under the Regulations from time to time.
- Communication of Portfolio on a half-yearly basis to the Unitholders directly or through the Publications or as may be prescribed under the Regulations from time to time.
- Dispatch of the Annual Reports of the Scheme within the stipulated period as required under the Regulations.

(V) LOADS:

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.

There is no Entry load on the subscriptions, which can be made only during the NFO period.

Exit Load – Nil

Since the scheme shall be listed on NSE and/or any other recognised Stock Exchange, loads shall not be applicable. Units issued on reinvestment of dividends shall not be subject to entry and exit load.

(VI) MINIMUM APPLICATION AMOUNT:

Rs. 5,000 and in multiples of Re. 1.

(VII) MATURITY:

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. The trustees reserves the right to suspend / deactivate/freeze 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.

(VIII) 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) 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 NSE and/or any other recognized stock exchange where the units will be listed till the holdings are converted in to demat form.

(IX) TRANSFER OF UNITS:

Units held by way of an Account Statement (Physical form) cannot be transferred. 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.
SECTION I – INTRODUCTION

A. RISK FACTORS

1. Standard Risk Factors:

- Mutual Funds and securities investments are subject to investment 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.

- As the price / value / interest rate of the securities in which the scheme invests fluctuates, the NAV of the units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets.

- Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme.

- Reliance Fixed Horizon Fund – XV - Series 2 is only the name of the Scheme and does not in any manner indicates either the quality of the Scheme, its future prospects or returns.

- 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.

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

2. Scheme Specific Risk Factors:

(i) Schemes 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>
<thead>
<tr>
<th>CREDIT RISK</th>
<th>LIQUIDITY RISK</th>
<th>PRICE RISK</th>
</tr>
</thead>
<tbody>
<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>

(ii) Risks 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.

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

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

(iii) Risks associated with Investing in Securitized Debt

As with any other debt instrument, the following risk factors have to be taken into consideration while investing in PTCs:

a) Credit Risk: Since most of the PTCs are drawn from a cherry picked pool of underlying assets, the risk of delay / default due to poor credit quality is low. Further more most of the PTCs enjoy additional cashflow coverage in terms of subordination by another lower class of PTCs or in terms of excess cash collateralization.

b) Liquidity Risk: Since the maturity of the PTCs will be in line with the maturity of the FMP, the risk arising from low secondary market liquidity of such instruments is low.

c) Price Risk / Interest Rate Risk: The price risk of these instruments shall be in line with the maturity / duration of such instruments. However given the fact that these instruments will have a maturity profile up to 2 years, the duration risk is relatively less.

Domestic Securitized debt can have different underlying assets and these assets have different risk characteristics. These may be given in the following example:

Security 1 - Backed by receivables of personal loans originated by XYZ Bank

Specific Risk Factors: Loss due to default and/or payment delay on Receivables, Premature Termination of Facility Agreements, Limited loss cover, Delinquency and Credit Risk, Limited Liquidity and Price Risk, Originator/Collection Agent Risk, Bankruptcy of the Originator, Co-mingling of funds

Security 2 - Senior Series Pass Through Certificates backed by commercial vehicles and two-wheeler loan and loan receivables from ABC Bank Limited

Specific Risk Factors - Credit And Rating Downgrade Risk, Prepayment And Foreclosures Risk for Senior PTC Series, Prepayment And Foreclosures Risk for Senior PTC Series, Servicing Agent Risk, Co-mingling Risk and Bankruptcy of the Seller.

Subject to the limits as contained in Schedule VII to the SEBI (Mutual Funds) Regulations, 1996, the scheme reserves the right to invest its entire allocation in debt and money market securities in any one of the fixed income security classes. Some of the fixed income security classes that are available in the market are as follows:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Listed/ Unlisted</th>
<th>Liquidity</th>
<th>Risk profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Govt. Securities</td>
<td>Listed</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate Debentures / PSU Bonds</td>
<td>Listed</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>CPs/CDs (short term)</td>
<td>Unlisted</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Call Money</td>
<td>Unlisted</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Mibor linked Papers</td>
<td>Unlisted</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

(iv) Risks associated with Listing of Units

• 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.

• There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.

• The liquidity and valuation of the Scheme’s investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme and individual Plans 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/Plan(s). 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 Series Plan(s) 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 5 business days of the date of closure of the New Fund Offer.
C. SPECIAL CONSIDERATIONS, IF ANY

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

D. DEFINITIONS:

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>Term</th>
<th>Definition / meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management Company/ AMC / Investment Manager/ RCAM</td>
<td>Reliance Capital Asset Management Limited, the Asset Management Company incorporated under the Companies Act, 1956, and authorized by SEBI to act as the Investment Manager to the Schemes of Reliance Mutual Fund.</td>
</tr>
<tr>
<td>Business Day (For Redemptions)</td>
<td>A business day means any working day, other than (1) Saturday; (2) Sunday or (3) a day on which The Stock Exchange, Mumbai or National Stock Exchange of India Limited or Reserve Bank of India or banks in Mumbai are closed or (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 / AMC or (7) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</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>Custodian</td>
<td>Deutsche Bank, Mumbai, acting as Custodian to the Scheme, or any other custodian who is appointed by the Trustee.</td>
</tr>
<tr>
<td>CBLO</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 inter bank 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>Depository</td>
<td>Depository as defined in the Depositories Act, 1996 (22 of 1996)</td>
</tr>
<tr>
<td>Designated Investor Service Centres (DISC / Official point of acceptance for transaction):</td>
<td>Any location, as may be defined by the Asset Management Company from time to time, where investors can tender the request for subscription (during the new fund offer period for a close-ended scheme), redemption or switching of units, etc.</td>
</tr>
<tr>
<td>Dividend</td>
<td>Income distributed by the Scheme on the Units</td>
</tr>
<tr>
<td>Entry Load</td>
<td>Load on purchases / switch-in of units</td>
</tr>
<tr>
<td>Exit Load</td>
<td>Load on redemptions / switch-out of units</td>
</tr>
<tr>
<td>FII</td>
<td>Foreign Institutional Investors, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.</td>
</tr>
<tr>
<td>Investment Management Agreement (IMA)</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>Load</td>
<td>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>Local Cheque</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>Mutual Fund Regulations/ Regulations/ SEBI Regulations</td>
<td>Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended up to date and such other Regulations, as may be in force from time to time, to regulate the activities of the Mutual Fund.</td>
</tr>
<tr>
<td>NAV</td>
<td>Net Asset Value of the Units of the Scheme. The NAV is calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. It will be computed up to four decimal places.</td>
</tr>
<tr>
<td>NRI</td>
<td>Non-Resident Indian</td>
</tr>
<tr>
<td>PTC</td>
<td>Means Pass Through Certificates. A pass through certificate represents beneficial interest in an underlying pool of cashflows. These cashflows represent dues against single or multiple loans originated by the seller of these loans. This pool of dues / receivables, after due sorting / cherry picking, is packaged as PTCs and sold to end investors like bank / mutual funds etc.</td>
</tr>
</tbody>
</table>
Term | Definition / meaning
--- | ---
PIO | Person of Indian Origin
Purchase Price | Purchase Price to the investor of Units of the Scheme computed in the manner indicated in this Scheme Information Document.
Reserve Bank of India (RBI) | Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
RMF / Mutual Fund / The Fund | Reliance Mutual Fund, (formerly known as Reliance Capital Mutual Fund) a Trust established under Indian Trusts Act, 1882 and registered with SEBI vide registration number MF/022/95/1 dated June 30, 1995.
RCTC / Trustee / Trustee Company | Reliance Capital Trustee Co. Limited, a Company incorporated under the Companies Act, 1956, and authorized by SEBI and by the Trust Deed to act as the Trustee of Reliance Mutual Fund.
RCL / Sponsor / Settlor | Reliance Capital Limited
Redemption Price | Redemption Price to the investor of Units of the Scheme computed in the manner indicated in this Scheme Information Document.
Registrar / Karvy | Karvy Computershare Private Ltd., who have been appointed as the Registrar; or any other Registrar who is appointed by RCAM.
SEBI | The Securities and Exchange Board of India
SPVs | Special Purpose Vehicles approved by the appropriate authority or the Government of India.
Trust Deed | The Trust Deed entered into on April 24, 1995 between the Sponsor and the Trustee, and any amendment thereof.
Trust Fund | The corpus of the Trust, unit capital and all property belonging to and / or vested in the Trustee.
Unit | The interest of the investors in any of the categories of the Scheme which consists of each Unit representing a share in the assets of the Scheme.
Unitholder | A person who holds Unit(s) under any plan of the Scheme.

Words and Expressions used in this Scheme Information Document and not defined shall have the same meaning as in the Regulations.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:
- The Scheme Information Document of Reliance Fixed Horizon Fund – XV, forwarded to SEBI, is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- All legal requirements connected with the launching of the Scheme as also the guidelines, instructions etc. issued by the Government and any other competent authority in this behalf, have been duly complied with.
- 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.
- All 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  Suresh T. Viswanathan  Head – Compliance
March 12, 2010

Note: The Due Diligence Certificate as stated above was submitted to the Securities and Exchange Board of India on March 12, 2010
A. **TYPE OF THE SCHEME**

A Close Ended Income Scheme

B. **WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?**

The primary investment objective of the scheme is to seek to generate regular returns and growth of capital by investing in a diversified portfolio of:

- Central and State Government securities and
- Other fixed income/debt securities normally maturing in line with the time profile of the scheme with the objective of limiting interest rate volatility

C. **HOW WILL THE SCHEME ALLOCATE ITS ASSETS?**

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Asset Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market instruments</td>
<td>85%</td>
<td>Medium to Low</td>
</tr>
<tr>
<td>Government Securities issued by Central &amp;/or State Govt &amp; other fixed income/debt securities* including but not limited to Corporate bonds and securitised debt</td>
<td>100%</td>
<td>Medium to Low</td>
</tr>
</tbody>
</table>

*Debt Securities will also include Securitised Debt, which may go up to 75% of the portfolio. Average maturity of the securities will be in line with the maturity profile of the scheme.

In terms of SEBI /IMD/Circular No. 12/147132/08 dated December 11, 2008, the scheme shall invest only in such securities which mature on or before the date of the maturity of the scheme. The investment manager 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. Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. The total sum of derivative contracts outstanding shall not exceed 50% of the net assets of the Scheme. Gross investments in securities under the Scheme which includes debt securities Money Market Instruments and derivatives will not exceed 100% of the net assets of the Scheme.

The above is only indicative and the AMC reserves the right to change the above pattern in the interest of the investors depending on the market conditions for a short-term period of defensive consideration. In case of deviation, if any, from the asset allocation pattern, the AMC will endeavor to rebalance within a period of 30 days.

**Duration:** 6 months 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 of the scheme.

D. **WHERE WILL THE SCHEME INVEST?**

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.

Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. The total debt derivative exposure would be restricted to 50% of the net assets of the scheme. The fund shall not invest in equity derivatives. Subject to the limits as contained in Schedule VII to the SEBI (Mutual Funds) Regulations, 1996, the scheme reserves the right to invest its 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. Securitised Debt can be a part of the debt securities. The investments in Securitized debt including PTCs may go up to 75% of the corpus of the Scheme. Such investments shall be subject to the limits as prescribed under clause 1 of the VII schedule of SEBI (Mutual Funds) Regulations, 1996.

PTC is the abbreviated form for Pass Through Certificates. A pass through certificate represents beneficial interest in an underlying pool of cashflows. These cashflows represent dues against single or multiple loans originated by the seller of these loans. This pool of dues / receivables, after due sorting / cherry picking, is packaged as PTCs and sold to end investors like bank / mutual funds etc.

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.

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.

The scheme intends to invest its assets in securities of Government of India and /or State Government to the extent of SEBI prescribed limits. Such securities may be:

i. Supported by the ability to borrow from the Treasury or

ii. Supported by Sovereign guarantee or the State Government or
ii. Supported by Government of India / State Government in some other way.

The above will depend upon the nature of securities invested.

The schemes may also enter into repurchase and reverse repurchase obligations in all securities held by them as per the guidelines and regulations applicable to such transactions. It is the intention of the scheme to trade in the derivatives market as per the Regulations.

The above-mentioned securities could be listed, unlisted, secured, unsecured, rated or unrated and may be acquired through initial public offerings, secondary market offerings, private placements, rights offers etc. To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other schemes of the Fund to the extent permitted by the Regulations. In such an event, the AMC will not charge management fees on the amounts of the Schemes so invested, unless permitted by the Regulations.

While it is the intention of the Scheme to maintain the maximum exposure guidelines provided in the table above, there may be instances when these percentages may be exceeded. Typically, this may occur while the Scheme is new and the corpus is small thereby causing diversification issues.

Investments may be in listed or unlisted debt instruments, as permitted under SEBI Regulations. These would cover secondary market purchases, Initial Public Offers (IPOs), other public offers, placements, rights offers, etc., subject to SEBI Regulations.

Investments in debentures, bonds and other fixed income securities will usually be in instruments, which have been assigned investment grade ratings by an approved rating agency. The instruments may be rated / unrated and listed / unlisted. In cases where the debt instrument is unrated, specific approval from the Investment Committee of RCAM shall be obtained. However, the same shall be subject to limitations as contained in clause 1 and 1A, reproduced herein below, of Schedule VII to SEBI (Mutual Funds) Regulations, 1996.

A mutual fund 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 and money market instruments:

Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board.

A mutual fund 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.

Investments in securitized debt including PTCs may go up to 75% is a provisional clause. The final portfolio will depend on the availability and desirability of assets in terms of maturity profile, asset quality and yields. The portfolio formulation is a dynamic process and thus, an instrument which is attractive today may not be attractive tomorrow.

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


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. The new Securitised instruments are also very attractive in the primary market. Risk associated with securitized Debt or PTCs are credit risk, liquidity risk and price risk/interest rate risk. The other instruments available for investment are Commercial Papers, Certificate of Deposits, Government guaranteed bonds, etc.

Brief details about the instruments are given below as on July 13, 2010.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Listed/ Unlisted</th>
<th>Current Yield Range As on July 13, 2010</th>
<th>Liquidity</th>
<th>Risk profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government Securities</td>
<td>Listed</td>
<td>5.25%- 8.30%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate Debentures / PSU Bonds</td>
<td>Unlisted</td>
<td>7.00%-8.71%</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>CDs (short term)</td>
<td>Unlisted</td>
<td>6.30%-7.00%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Call Money</td>
<td>Unlisted</td>
<td>3.50%-5.70%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Mibor linked Papers</td>
<td>Listed</td>
<td>140-160 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 of July 13, 2010) are:

<table>
<thead>
<tr>
<th>Yrs</th>
<th>=&lt; 1yr</th>
<th>2-6yrs</th>
<th>7-10yrs</th>
<th>11-20 yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government securities</td>
<td>5.32%-5.76%</td>
<td>6.46%-7.74%</td>
<td>7.72%-8.01%</td>
<td>8.14%-8.37%</td>
</tr>
<tr>
<td>Debentures/ Bonds (AAA rated)</td>
<td>7.00%-7.18%</td>
<td>7.26%-8.22%</td>
<td>8.35%-8.71%</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.

The sum total of derivative contracts outstanding shall not exceed 50% of the net assets of the scheme.

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.

**Example:** 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 every day 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.

F. FUNDAMENTAL ATTRIBUTES
Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(I) TYPE OF SCHEME:
A Close-Ended Income Scheme

(II) INVESTMENT OBJECTIVES:

a. Main Objective –
The primary investment objective of the scheme is to seek to generate regular returns and growth of capital by investing in a diversified portfolio of:
- Central and State Government securities and
- Other fixed income/ debt securities normally maturing in line with the time profile of the scheme with the objective of limiting interest rate volatility.

b. Investment pattern –

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Asset Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maximum</td>
<td>Minimum</td>
</tr>
<tr>
<td>Money Market instruments</td>
<td>85%</td>
<td>0%</td>
</tr>
<tr>
<td>Government Securities issued by Central &amp;/or State Govt &amp; other fixed income/ debt securities* including but not limited to Corporate bonds and securitised debt</td>
<td>100%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Debt Securities will also include Securitised Debt, which may go up to 75% of the portfolio. Average maturity of the securities will be in line with the maturity profile of the scheme.
In terms of SEBI /IMD/Circular No. 12/147132/08 dated December 11, 2008, the scheme shall invest only in such securities which mature on or before the date of the maturity of the scheme. The investment manager 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. Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. The sum total of derivative contracts outstanding shall not exceed 50% of the net assets of the scheme. Gross investments in securities under the Scheme which includes debt securities Money Market Instruments and derivatives will not exceed 100% of the net assets of the Scheme.

The above is only indicative and the AMC reserves the right to change the above pattern in the interest of the investors depending on the market conditions for a short-term period of defensive consideration. In case of deviation, if any, from the asset allocation pattern, the AMC will endeavor to rebalance within a period of 30 days.

Duration: 6 months 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 of the scheme

(III) TERMS OF ISSUE

a) Liquidity provisions such as listing, repurchase and redemption – 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/or any other recognized stock exchanges where units will be listed.

Investors holding the units by way of an account statement (physical form) 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 NSE and/or any other recognized stock exchanges where units will be listed.

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.

b) Aggregate fees and expenses charged to the scheme:

New Fund Offer (NFO) Expenses

The New Fund Offer expenses of the scheme shall be borne by the AMC from retained earnings.

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 following % of the weekly average 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.

* Estimated Expense Structure

<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/ 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>

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).

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

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.

The total expenses of the scheme excluding issue or redemption expenses, whether initially borne by the mutual fund or by the asset management company, but including the investment management and advisory fee shall be subject to the following limits: –
3. No mutual fund scheme shall 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.

As per the Regulations, RCAM can charge Investment Management fees @ 1.25% of the average daily 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.

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) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option 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 Liquid Fund Index

Short term to medium term Fixed Maturity Plan of three to six months has similar constituents as Crisil Liquid Fund index. An index of this kind serves as an indicator for all the market participants in this category, to benchmark their performance against the index. Hence, 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 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>
</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 being an close ended scheme, shall invest only in such securities which mature on or before the date of maturity of the scheme.

2. 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. This investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of the Trustee Company and the Board of the AMC. This limit shall not apply to investments in government securities and money market instruments. Provided further that investment within such limit can be made in mortgaged backed securitized debts which are rated not below investment grade by a credit rating agency registered with SEBI.

3. No mutual fund scheme shall 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 Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total of such instruments shall not exceed 25% of the NAV of the Scheme. All such investments will be made with the prior approval of the Investment Committee of RCAM.

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 under clause 1 and 1A above. Further, it is clarified that the investment limits mentioned in (1) and (2) 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.

5. Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if:
   a. Such transfers are done at the prevailing market price for quoted instruments on spot basis;
   b. 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:
   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:
   Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.
   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 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:
   a. Any unlisted security of an associate or group company of the sponsor
   b. Any security issued by way of private placement by an associate or group company of the sponsor
   c. 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. 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.

14. RCAM shall not undertake any other business except that permitted under the MF Regulations. RCAM shall meet with the capital adequacy requirements, if any, separately for each of the separate activity, if any undertaken by the AMC and obtain separate approval, if necessary under the MF Regulations.

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

16. 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.

17. 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 shall 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, PTCs, Gilts etc

INVESTMENT BY THE AMC IN THE SCHEME:

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 Offer Documents(s). Further, the AMC shall not charge any fees on its investment in the Scheme(s), unless allowed to do so under SEBI Regulations in the future.

J. HOW HAS THE SCHEME PERFORMED?

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

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

A. NEW FUND OFFER (NFO)

(i) 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 Fixed Horizon Fund - XV – Series 2</td>
<td>6 months from the date of allotment</td>
<td>August 03, 2010</td>
<td>August 04, 2010</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.

RCAM reserves the right to extend the closing date, but not later than 15 days from the opening date of the new fund offer 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. 5,000 and in multiples of Re. 1

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 5 business days, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the date of closure of the subscription period.

Rs. 20 Crores.

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 two Options viz. – 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.

Similarly, 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.

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.
<p>| <strong>Dividend Policy</strong> | 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. |
| <strong>Policy on Unclaimed Redemption and Dividend Amounts</strong> | As per SEBI guidelines, the unclaimed redemption and dividend amounts shall be deployed in call money market or money market instruments only or such other instruments, as permitted under Regulations. The investors who claim such amounts during the period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds shall be used for the purpose of investor education. The Fund will make continuous efforts to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by AMC for managing unclaimed amounts shall not exceed 50 basis points. |
| <strong>Allotment</strong> | 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 5 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 transfers 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. |
| <strong>Refund</strong> | If any application is rejected, full amount will be refunded within 5 business days of closure of the NFO. No interest will be payable on any subscription money refunded within 5 business days. If refunded later than 5 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 5 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. |
| <strong>Who can invest</strong> | The following is an indicative list of persons who can invest in the Plans under the Scheme: 1. Resident Indian adult individuals, either singly or jointly (not exceeding three); 2. Minor through parent / lawful guardian; (please see the note below) 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. |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>13.</strong></td>
<td>International Multilateral Agencies approved by the Government of India / RBI;</td>
</tr>
<tr>
<td><strong>14.</strong></td>
<td>The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws); and</td>
</tr>
<tr>
<td><strong>15.</strong></td>
<td>A Mutual Fund through its schemes, including Fund of Funds schemes.</td>
</tr>
<tr>
<td><strong>16.</strong></td>
<td>Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis;</td>
</tr>
<tr>
<td></td>
<td>It is expressly understood that at the time of investment, the investor 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 ultra-vires the relevant law/ rules / regulations.</td>
</tr>
<tr>
<td></td>
<td>The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Schemes, subject to SEBI Regulations and other prevailing statutory regulations, if any.</td>
</tr>
<tr>
<td><strong>Where can you submit the filled up applications.</strong></td>
<td>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, <a href="http://www.reliancemutual.com">www.reliancemutual.com</a></td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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 unitholders 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.</td>
</tr>
<tr>
<td><strong>How to Apply</strong></td>
<td>Please refer to the SAI and Application form for the instructions.</td>
</tr>
<tr>
<td><strong>Listing</strong></td>
<td>The units of the Scheme shall be listed on National Stock Exchange of India Ltd. (NSE). However the trustees reserve the right to list the units on any other Stock Exchange. 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. However the units held in dematerialized form can be traded on the Stock Exchange. The Mutual Fund/AMC will endeavor to list the Units of the Scheme within 5 business days of allotment.</td>
</tr>
<tr>
<td><strong>Special Products / facilities available during the NFO</strong></td>
<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>
<tr>
<td><strong>Auto Switch Facility</strong></td>
<td>This fund will offer an auto switch facility from Reliance Liquid Fund, Reliance Liquidity Fund and Reliance Floating Rate Fund to Reliance Fixed Horizon Fund XV – Series 2 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.</td>
</tr>
<tr>
<td><strong>Redemption</strong></td>
<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 NSE and/or any other recognized stock exchange where the units will be listed. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched within 10 business days, subject to availability of all relevant documents and details.</td>
</tr>
<tr>
<td><strong>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.</strong></td>
<td>The units under the scheme once repurchased, shall not be reissued.</td>
</tr>
<tr>
<td><strong>Restrictions, if any, on the right to freely retain or dispose of units being offered.</strong></td>
<td>The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges, currently NSE.</td>
</tr>
<tr>
<td><strong>Trading and Demat</strong></td>
<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 NSE and/or any other recognized stock exchange where the units will be listed.</td>
</tr>
<tr>
<td></td>
<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. However, the Scheme provides for liquidity through listing on the NSE (and any other recognized stock exchange where the units are listed). Unitholders who intend to avail of the facility to trade in units are required to have a Demat Account.</td>
</tr>
<tr>
<td><strong>Pledge/Lien</strong></td>
<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>
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.

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.

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

If 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. 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.

<table>
<thead>
<tr>
<th>B. ONGOING OFFER DETAILS:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ongoing Offer Period</strong></td>
</tr>
<tr>
<td><strong>Ongoing Price for subscription (purchase)/ switch-in (from other schemes/plans of the mutual fund) by investors.</strong></td>
</tr>
<tr>
<td><strong>Ongoing Price for redemption (sale)/ switch-outs (to other schemes/plans of the mutual fund) by investors.</strong></td>
</tr>
<tr>
<td><strong>Cut off timing for subscriptions/ redemptions/switches</strong></td>
</tr>
<tr>
<td><strong>Where can the applications for purchase/redemption/ switch-out can be submitted?</strong></td>
</tr>
<tr>
<td><strong>Minimum amount for redemption/switch-out</strong></td>
</tr>
<tr>
<td><strong>Special Products / facilities available</strong></td>
</tr>
</tbody>
</table>
**Accounts Statements**

**Annual Account Statement**

The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.

The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. Alternately, soft copy of the account statements shall be mailed to the investors’ e-mail address, instead of physical statement, if so mandated.

**Dividend**

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.

**Redemption / Repurchase Proceeds**

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 NSE and/or any other recognized stock exchange where the units will be listed. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched within 10 business days, subject to availability of all relevant documents and details.

**Delay in payment of redemption / repurchase proceeds**

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 NSE and/or any other recognized stock exchange where the units will be listed. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched within 10 business days, subject to availability of all relevant documents and details.

In case of delay in maturity proceeds beyond 10 working days, the AMC shall pay interest to the unit holder @ 15% per annum or at such rate as may be specified by SEBI for the period of such delay.

## 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.

The AMC will calculate and disclose the first NAVs of the scheme not later than 5 business days from the date of allotment. NAVs will be calculated up to four decimal places. The Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI’s website www.amfiindia.com by 9.00 p.m. on the day of declaration of the NAV and also on their website. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.

The NAV shall be published at least in two daily newspapers every day. Since the Scheme is proposed to be listed on NSE and/or any other recognized Stock Exchange, the listed price would be applicable on the respective Stock Exchange.

### Half yearly Disclosures: Portfolio / Financial Results

This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.

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 such half-year and it shall also be displayed on the web site of mutual fund.

### Annual Report

Abridged scheme-wise annual report which shall be mailed to all unitholders not later than four months from the date of closure of the relevant accounting year and the full annual report shall be available for inspection at the head office of the fund and a copy shall be made available to the unitholders on request on payment of nominal fees if any.

### Associate Transactions

Please refer to Statement of Additional Information (SAI).

<table>
<thead>
<tr>
<th>Taxation</th>
<th>Resident Investors</th>
<th>Mutual Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on Dividend</td>
<td>Nil</td>
<td>Nil 1</td>
</tr>
<tr>
<td><strong>Capital Gains:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term 1</td>
<td>Without Indexation: 10%1</td>
<td>Nil 1</td>
</tr>
<tr>
<td>With Indexation: 20%1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Gains: Short Term</td>
<td>30%1</td>
<td>Nil 1</td>
</tr>
</tbody>
</table>
1. The said tax rate would be increased by an applicable Surcharge, Education Cess and Secondary & Higher Education Cess.

2. Income distribution, if any, made by a non-equity oriented mutual fund will attract distribution tax under Section 115R of the Income Tax Act, 1961. Mutual Funds are required to pay Dividend Distribution Tax at the rate of 12.50 per cent in case income is distributed to individuals and Hindu Undivided Families (HUFs). An increased rate of 20 per cent is applicable for distributions made to persons other than individuals and HUFs. As per the proposals of Finance Act, 2007, where the income is distributed by a money market mutual fund or a liquid fund, such fund shall be liable to pay dividend distribution tax at the rate of 25 percent for all categories of investors. The said tax rate would be increased by an applicable Surcharge, Education Cess and Secondary & Higher Education Cess.

3. Long-term capital gains in respect of units, held for a period of more than 12 months, will be chargeable under Sec. 112 of the Act, at the rate of 20 per cent. However, where the tax payable on such long-term capital gains, computed before indexation, exceeds 10 per cent of the amount of capital gains, such excess tax shall not be payable by the unit holder.

4. Reliance Mutual Fund is a fund 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. Milind Nesarikar is the Investor Relations Officer for the Fund. All related queries should be addressed to him at the following address:

Mr. Milind Nesarikar, Head – R&T Operations
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: milind.nesarikar@relianceada.com

D. COMPUTATION OF NAV

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.

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

Example: If the applicable NAV is Rs. 10.00, sales/entry load is 2 per cent and the exit/repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80.

NAV will be computed up to four decimal places.
SECTION 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 III (b).

B. ANNUAL SCHEME RECURRING EXPENSES

Please refer Section II Para F point III (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.

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 along with 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.

Applicable Load Structure:

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.

Exit Load – Nil

There is no Entry load on the subscriptions, which can be made only during the NFO period. Since the scheme shall be listed on NSE and/or any other recognised Stock Exchange, loads shall not be applicable. Units issued on reinvestment of dividends shall not be subject to entry and exit load.

All loads including Contingent Deferred Sales Charge (CDSC) for the Scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

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. Currently, redemptions shall be affected at applicable NAV based prices subject to exit loads, if any. However, RCAM may revise the above pricing structure and transaction timings from time to time, subject to an exit load chargeable in accordance with the Regulations. However, any such revision shall be in accordance with SEBI Regulations.

As per the Regulations, the repurchase price of units of a close-ended scheme shall not be lower than 95% of the NAV.

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.
SECTION V - RIGHTS OF UNITHOLDERS

Please refer SAI for details.

SECTION 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 thereunder 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 thereunder including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, 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 thereunder 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 28, 2010     Chief Executive Officer