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

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

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

SAI is incorporated by reference (is legally a part of the Scheme Information Document).

For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website www.reliancemutual.com.

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

This Scheme Information Document is dated September 14, 2010

Disclaimer:

“As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/135822-3 dated April 22, 2010 permission to the Mutual Fund to use the Exchange’s name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund’s units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund’s units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”
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<td>22</td>
</tr>
</tbody>
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HIGHLIGHTS/SUMMARY OF THE SCHEME

A 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.

B LIQUIDITY:
Reliance Fixed Horizon Fund - XVI - Series 1, 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 Scheme. Units held in dematerialized form can only be traded on the National Stock Exchange of India Limited (NSE), where the units will be listed.

C BENCHMARK:
Crisil Short Term Bond Fund Index

D TRANSPARENCY/ NAV DISCLOSURE:
(a) 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.
(b) Since the Scheme is proposed to be listed on NSE or any recognized Stock Exchange, the listed price available on NSE or on the respective Stock Exchange will be applicable.
(c) Publication of abridged Half-yearly Financial extracts in the publications or as may be prescribed under the Regulations from time to time.
(d) 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.
(e) Dispatch of the Annual Reports of the Scheme within the stipulated period as required under the Regulations.

E LOADS:
(a) Entry Load – Nil
(b) Exit Load – Nil
In accordance with the requirements specified by the SEBI circular 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
Since the scheme shall be listed on NSE or any recognized Stock Exchange, exit load shall also be not applicable. Units issued on reinvestment of dividends shall not be subject to entry and exit load.

F MINIMUM APPLICATION AMOUNT:
Rs. 5,000 and in multiples of Re. 1

G PLANS & OPTIONS:
The Scheme will have following two options:
(a) Growth Option
(b) Dividend payout Option

H MATURITY:
The units of 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

I PHYSICAL / DEMATERIALIZATION:
The Unit holders are given an Option to hold the units by way of an Account Statement or in Dematerialized ('Demat') form. 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 DP (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Plan) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP.
In case Unit holders do not provide their Demat Account details, an Account Statement shall be sent to them. Such investors will not be able to trade on the stock exchange till the holdings are converted in to demat form.
I - INTRODUCTION

A. RISK FACTORS

(a) Standard Risk Factors:

(i) 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.

(ii) 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.

(iii) Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme.

(iv) Reliance Fixed Horizon Fund – XVI – Series 1 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.

(v) 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.

(vi) 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.

(b). Scheme Specific Risk Factors:

(i) Risks associated with investing in Bonds: Investors of the Scheme should be aware of the risks generally associated with investments in the fixed income and money market instruments. Given below are some of the common risks associated with investments in fixed income and money market securities.

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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:

(1) 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. Furthermore 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.

(2) 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.

(3) 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 upto 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 as 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, Servicing 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>
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<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 divestimen.

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-fulfilment with the condition of minimum 20 investors, the Scheme shall be wound up in accordance with Regulation 39 (2) (c) of SEBI (MF) Regulations automatically without any reference from SEBI.

In case of non-fulfilment 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 from the 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.
### Definitions:

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<th>Word/Abbreviation</th>
<th>Definition / Expansion</th>
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<tr>
<td>AMC</td>
<td>AMC means Asset Management Company, formed and registered under the Companies Act, 1956 and approved as such by the SEBI under sub</td>
</tr>
<tr>
<td>AMFI</td>
<td>Association of Mutual Funds in India, the apex body of all the registered AMCs incorporated on August 22, 1995 as a non-profit organisation.</td>
</tr>
<tr>
<td>Associate</td>
<td>Associate means associate as defined under SEBI (Mutual Funds) Regulations, 1996</td>
</tr>
<tr>
<td>Business Day / Working Day</td>
<td>A Business Day / Working Day means any day other than</td>
</tr>
<tr>
<td>CDSC</td>
<td>Contingent Deferred Sales Charge (CDSC), a charge imposed when the units are redeemed within the first four years of unit ownership. The SEBI (MFs) Regulations, 1996, direct that a CDSC may be charged only for the first four years after purchase and mandates the maximum amount that can be charged in each year.</td>
</tr>
<tr>
<td>Close ended scheme</td>
<td>Close ended scheme means any Scheme in which the period of maturity of the scheme is specified.</td>
</tr>
<tr>
<td>Custodian</td>
<td>Custodian means a person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996. Presently, Deutsche Bank A.G., registered vide registration number IN/CUS/003 is appointed as Custodian of securities for all the schemes of RMF.</td>
</tr>
<tr>
<td>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 interbank call money market or have been given restricted participation in terms of ceiling on call borrowing and lending transactions and who do not have access to the call money market. CBLO is a discounted instrument issued in electronic book entry form for the maturity period ranging from one day to one year.</td>
</tr>
<tr>
<td>Depository</td>
<td>Depository means a depository as defined in the Depositories Act, 1996 (22 of 1996) including Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL)</td>
</tr>
<tr>
<td>Designated Investor Service Centers / DISC / Official Points of Acceptance</td>
<td>Means any location as may be defined by the AMC from time to time, where investors can tender the request for subscription, redemption or switching of units, etc.</td>
</tr>
<tr>
<td>Dividend</td>
<td>Income distributed by the Scheme on the Units</td>
</tr>
<tr>
<td>DP</td>
<td>Depository Participant means a person registered as such under sub regulation (1A) of section 12 of SEBI Act, 1992 (15 of 1992)</td>
</tr>
<tr>
<td>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>FII means Foreign Institutional Investor as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995</td>
</tr>
<tr>
<td>ISIN</td>
<td>International Security Identification Number. It is a unique security code that differentiates each and every script from all the other scripts.</td>
</tr>
<tr>
<td>KIM</td>
<td>Key Information Memorandum of Reliance Fixed Horizon Fund – XVI – Series 1 as required in terms of regulation 29(4)</td>
</tr>
<tr>
<td>Load</td>
<td>Load means a charge that may be levied as a percentage of NAV at the time of entry into the scheme/ plans or at the time of exiting from the scheme/ plans</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>NAV</td>
<td>Net Asset Value of the Units in each plan of the Scheme is calculated in the manner provided in the SID or as may be prescribed by Regulations from time to time. The NAV will be computed upto four decimal places unless otherwise specified.</td>
</tr>
<tr>
<td>Word/Abbreviation</td>
<td>Definition / Expansion</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>NFO</td>
<td>Offer of units of Reliance Fixed Horizon Fund - XVI - Series 1 during the New Fund Offer Period.</td>
</tr>
<tr>
<td>Open ended Scheme</td>
<td>Open ended scheme means a Scheme which offers units for sale without specifying any duration for redemption.</td>
</tr>
<tr>
<td>POA</td>
<td>Power of Attorney</td>
</tr>
<tr>
<td>POS</td>
<td>Point of Service</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. s packaged as PTCs and sold to end investors like bank / mutual funds etc.</td>
</tr>
<tr>
<td>RBI</td>
<td>Means Reserve Bank of India, established under the Reserve Bank of India Act, 1934</td>
</tr>
<tr>
<td>RCAM</td>
<td>Means Reliance Capital Asset Management Limited, a Public Limited Company incorporated under the Companies Act, 1956 on February 24, 1995, duly registered with SEBI and appointed as AMC for all schemes of Reliance Mutual Fund</td>
</tr>
<tr>
<td>RCL</td>
<td>Reliance Capital Limited, a company incorporated under Companies Act, 1956 that has established RMF.</td>
</tr>
<tr>
<td>RCTC</td>
<td>RCTC means Reliance Capital Trustee Company Limited, who holds the property of the Mutual Fund in trust for the benefit of the unit holders.</td>
</tr>
<tr>
<td>Redemption Price</td>
<td>Redemption Price to the investor of Units of the Scheme computed in the manner indicated in this SID.</td>
</tr>
<tr>
<td>Registrar &amp; Transfer Agent / Registrar</td>
<td>Karvy Computershare (Private) Limited appointed as Registrars and Transfer Agent duly registered with the SEBI vide registration number INR0000000221 acting as such for all the Schemes of RMF.</td>
</tr>
<tr>
<td>Regulations</td>
<td>SEBI (Mutual Funds) Regulations, 1996 including the Rules, Guidelines or Circulars issued in relation thereto from time to time.</td>
</tr>
<tr>
<td>Regulatory Authority</td>
<td>Regulatory authority means any authority or agency competent to issue or give any directions, instructions or guidelines to the Mutual Fund.</td>
</tr>
<tr>
<td>SAI</td>
<td>Means the Statement of Additional Information issued by RMF containing details of RMF, its constitution, and certain tax, legal and general information (SAI is to be read in conjunction with SAI).</td>
</tr>
<tr>
<td>Scheme</td>
<td>Means Reliance Fixed Horizon Fund – XVI – Series 1 launched by RMF under Chapter V of SEBI (Mutual Funds) Regulations, 1996</td>
</tr>
<tr>
<td>SEBI</td>
<td>Means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.</td>
</tr>
<tr>
<td>Settlor</td>
<td>Means Settlor of RMF. RCL, a company incorporated under Companies Act, 1956 is the Settlor of RMF.</td>
</tr>
<tr>
<td>SID</td>
<td>Means Scheme Information Document issued by RMF offering units of Reliance Fixed Horizon Fund – XVI – Series 1 for subscription, that sets forth the information about the Scheme that a prospective investor ought to know before investing. (SID is to be read in conjunction with SAI).</td>
</tr>
<tr>
<td>Sponsor</td>
<td>Means Sponsor of RMF i.e., RCL a company incorporated under Companies Act, 1956 that has established RMF.</td>
</tr>
<tr>
<td>The Mutual Fund / RMF / Fund</td>
<td>Means Reliance Mutual Fund that has been constituted as a trust on April 25, 1995 in accordance with the provisions of the Indian Trusts Act, 1882 and registered with SEBI vide Registration Code MF/022/95/1</td>
</tr>
<tr>
<td>Trust Deed</td>
<td>Trust Deed means Trust Deed dated April 25, 1995 constituted in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) executed between RCL and RCTC. The Trust Deed has been registered under the Indian Registration Act, 1908.</td>
</tr>
<tr>
<td>Trustee</td>
<td>Means the Trustee of RMF, which is RCTC who holds the property of the Mutual Fund in trust for the benefit of the unit holders.</td>
</tr>
<tr>
<td>Unit</td>
<td>Unit means the interest of the unit holders in a Scheme, which consists of each unit representing one undivided share in the assets of a scheme</td>
</tr>
<tr>
<td>Unit holder / Investor</td>
<td>Unit holder means a person holding unit in any plan of the Scheme.</td>
</tr>
<tr>
<td>Website</td>
<td>Website of RMF namely <a href="http://www.reliancemutual.com">www.reliancemutual.com</a></td>
</tr>
</tbody>
</table>

Words and expressions used in this SID and not defined will have same meaning as in Regulations. For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires.
(a) all references to the masculine shall include the feminine and all references to the singular shall include the plural and vice-versa.
(b) all references to timings relate to Indian Standard Time (IST).

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:
(a) The Scheme Information Document of Reliance Fixed Horizon Fund – XVI, 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.
(b) 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.
(c) 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.
(d) 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
April 28, 2010
Suresh T. Viswanathan
Head – Compliance

Note: The Due Diligence Certificate as stated above was submitted to SEBI on April 29, 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>Maximum 70% Minimum 0%</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>Maximum 100% Minimum 30%</td>
<td>Medium to Low</td>
</tr>
</tbody>
</table>

*Debt Securities will also include Securitised Debt, which may go up to 50% of the portfolio. The 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 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. 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 endeavour to rebalance within a period of 30 days.

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 Regulations, 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 RCM, 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 50% of the corpus of the Scheme. Such investments shall be subject to the limits as prescribed under clause 1 of the VII Schedule Regulations.

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 include 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 include 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.

he 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:

(a) Supported by the ability to borrow from the Treasury or
(b) Supported by Sovereign guarantee or the State Government or
(c) Supported by Government of India / State Government in some other way.

The above will depend upon the nature of securities invested.

The Scheme 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 as mentioned 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 Regulations.

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 AMC:

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

Provided further that investment within such limit can be made in mortgaged backed securitised debt which is 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 AMC.

Investments in securitized debt including PTCs may go up to 50% 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:

(a) Prevaling interest rate scenario
(b) Quality of the security / instrument (including the financial health of the issuer)
(c) Maturity profile of the instrument
(d) Liquidity of the security
(e) Growth prospects of the company / industry
(f) Any other factors in the opinion of the fund management team

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

Debt Market in India:

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

At present, the Indian debt market is dominated by issues of Central Government bonds, Corporate Debentures and PSU Bonds. 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 September 06, 2010

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Listed/ Unlisted</th>
<th>Current Yield Range As on September 06, 2010.</th>
<th>Liquidity</th>
<th>Risk profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government Securities</td>
<td>Listed</td>
<td>6.35%~ 8.40%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate Debentures / PSU Bonds</td>
<td>Listed</td>
<td>7.85%~8.75%</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>CDs (short term)</td>
<td>Unlisted</td>
<td>6.95%~7.85%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Call Money</td>
<td>Unlisted</td>
<td>2.90%~5.10%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Mibor linked Papers</td>
<td>Listed</td>
<td>140-155 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 on September 06, 2010) are:

<table>
<thead>
<tr>
<th>Yrs</th>
<th>0≤ 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>6.40%-6.45%</td>
<td>6.96%-8.15%</td>
<td>8.15%-8.32%</td>
<td>8.21%-8.55%</td>
</tr>
<tr>
<td>Debentures/ Bonds (AAA rated)</td>
<td>7.75%-7.85%</td>
<td>7.89%-8.52%</td>
<td>8.60%-8.75%</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 total debt derivative exposures would be restricted to 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 - No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes. 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)**

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.

Let 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 represent 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). No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes. 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.

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 everyday but is currently at 7% p.a. The transaction would be represented thus: Receives fixed rate@10% p.a.

**In terms of SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010, following shall be applicable:**

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
4. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

**F. Fundamental Attributes**

Following are the fundamental attributes of the Scheme, in terms of Regulation 18 (15A) of the Regulations:

(a) **Type of Scheme**

A Close-Ended Income Scheme

(b) **Investment Objective**

(i) **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

(ii) **Investment Pattern**

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Asset Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market instruments</td>
<td><strong>Maximum</strong>  70%</td>
<td><strong>Minimum</strong>  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><strong>100%</strong></td>
<td><strong>30%</strong></td>
</tr>
</tbody>
</table>

*Debt Securities will also include Securitised Debt, which may go up to 50% of the portfolio. The 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 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. 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 endeavour to rebalance within a period of 30 days.
(c) Terms of issue -

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

Investors 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 Stock Exchange.

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

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

(ii) Aggregate fees and expenses charged to the Scheme:

New Fund Offer (NFO) Expenses
The NFO 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 daily or average weekly net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

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

* 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>

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 Regulations. Investors are requested to note that with effect from 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 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:

- On the first Rs. 100 crores of the daily or average weekly net assets 2.25%;
- On the next Rs. 300 crores of the daily or average weekly net assets 2.00%;
- On the next Rs. 300 crores of the daily or average weekly net assets 1.75%;
- On the balance of the assets 1.50%.

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

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

(iii) Any safety net or guarantee provided – Not Applicable
In accordance with Regulation 18(15A) of the 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

1. 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

2. 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 Short Term Bond Fund Index

Long term Fixed Maturity Plan with maturity of twelve to twenty four months has similar instruments as constituted in the Crisil Short-Term Bond Fund Index. The portfolios are similar not only in term of the construct but also in terms of risk return parameters in question. Using this benchmark shall provide the investor with an independent and representative comparison with the fund Portfolio

H. WHO MANAGES THE SCHEME?

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Educational Qualification</th>
<th>Type and Nature of past experience including assignments held during the past 10 years</th>
<th>Name of the Scheme managed</th>
</tr>
</thead>
</table>

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

The investment policy of the Scheme will comply with the Regulations. In terms of Seventh Schedule to the Regulations, the following investment limitations are currently applicable

(a) The scheme being a close ended scheme, shall invest only in such securities which mature on or before the date of maturity of the scheme.

(b) 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.

Provided that such limit shall not be applicable for investments in government securities and money market instruments.

Provided further that the scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer:

Provided further that the limit specified in the second proviso shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.

Provided further that investment within such limit can be made in mortgage backed securitized debts which are rated not below investment grade by a credit rating agency registered with SEBI.

(c) 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 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.

(d) Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if:

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

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

(e) 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.
Guidelines for following parameters for liquid as well as non liquid schemes have been specified in the policy. This scheme is a new scheme and does not have any performance track record.

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.

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

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.

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

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

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 SID. Further, the AMC shall not charge any fees on its investment in the Scheme, unless allowed to do so under Regulations in the future.

J. How has the Scheme performed?:

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

This scheme is a new scheme and does not have any performance track record.

A. NEW FUND OFFER (NFO)

<table>
<thead>
<tr>
<th>New Fund Offer Period:</th>
<th>Scheme</th>
<th>Duration/Tenor*</th>
<th>NFO Opens</th>
<th>NFO Closes</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the period during which a new scheme sells its units to the investors</td>
<td>Reliance Fixed Horizon Fund – XVI – Series 1</td>
<td>369 days from the date of allotment</td>
<td>September 27, 2010</td>
<td>September 28, 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.

<table>
<thead>
<tr>
<th>New Fund Offer Price:</th>
<th>The new fund offer price will be Rs. 10 per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the price per unit that the investors have to pay to invest during the NFO</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minimum Amount for Application in the NFO</th>
<th>Rs. 5,000 and in multiples of Re. 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Target amount :</td>
<td>Rs. 20 crores</td>
</tr>
<tr>
<td>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 from the closure of NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the closure of NFO.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maximum amount to be raised (if any)</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans / Options offered</td>
<td>The Scheme will have two Options viz. – Growth Option and Dividend Payout Option</td>
</tr>
</tbody>
</table>

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

Dividend Payout Option
Distribution of dividend will be subject to the availability of distributable surplus, as computed in accordance with the SEBI Regulations and the Mutual Fund reserves the right to declare dividends during the interim period. There is no assurance or guarantee as to the rate and frequency of dividend distribution. Dividends as and when declared will be paid to eligible unitholders of record, within 30 days of the declaration of dividend. The actual date of declaration of dividend will be notified by display at the designated investor service centers.

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

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 Unit holders in the Growth Option will remain unaffected by the payment of dividend.
**Dividend Policy**

Dividend declaration / distribution shall be made in accordance with SEBI circular no. SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006 or any amendment thereto from time to time. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving dividends. Further, the NAV shall be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.

1. Quantum of dividend and the record date shall be fixed by the trustees in their meeting. Dividend so decided shall be paid, subject to availability of distributable surplus.

2. 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.

3. Within one calendar day of the decision by the trustees, AMC shall issue notice to the public communicating the decision including the record date. The record date shall be 5 calendar days from the issue of notice.

4. Such notice shall be 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.

5. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever may be issued by any mutual fund or distributors of its products.

**Allotment**

All applicants, whose applications are valid in all respects and whose payment has been received / realised shall receive full and firm allotment of units. The process of allotment of units and mailing of account statement will be completed within 5 business days from the 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 Fund reserves right to provide the account statement / transaction confirmation slip to investor through an alternative mechanism as may be decided by the Fund, from time to time with the consent of the investor, which may include electronic means of communication such as e-mail. For example, if an investor redeems or switches his units to another scheme / plan through the internet, then an on-line account statement / transaction confirmation may be provided to the investor or the same may be sent to his email address.

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

**Refund**

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.
### Who can invest

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

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 (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
9. Provident / Pension / Gratuity and such other Funds as and when permitted to invest;
10. Army, Air Force, Navy and other para-military funds and eligible institutions;
11. Scientific and Industrial Research Organisations;
12. Provident / Pension / Gratuity and such other Funds as and when permitted to invest;
13. International Multilateral Agencies approved by the Government of India / RBI;
14. The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws); and,
15. A Mutual Fund through its schemes, including Fund of Funds schemes.
16. Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis;

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. 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.

### Where can you submit the filled up applications.

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

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

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

### How to Apply

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

### Listing

The units of the scheme shall be listed on 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.

### Special Products / facilities available during the NFO

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

**Auto Switch Facility**

This fund will offer an auto switch facility from Reliance Liquid Fund, Reliance Liquidity Fund and Reliance Floating Rate Fund – Short Term Plan to Reliance Fixed Horizon Fund - XVI - Series 1 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.

### 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.

The units under the scheme once repurchased, shall not be reissued.
### ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th>Restrictions, if any, on the right to freely retain or dispose of units being offered.</th>
<th>The Units of the Scheme are available for trading only in demat mode via the stock exchanges.</th>
</tr>
</thead>
<tbody>
<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 only in demat mode via the stock exchanges. 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 will be listed.). Unit holders 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>In case 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>

**Note:**
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, alongside 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. Investors are mandatorily required to mention their bank account numbers in their application form. In the absence of the same, the application will be liable to be rejected. The AMC reserves the right to invest its own funds in the Scheme(s) upto a maximum extent of its networth. As per SEBI Regulations, such investments are permitted, subject to disclosure being made in the Scheme Information Document. Further, the AMC shall not charge any fees on its investment in the Scheme, unless allowed to do so under SEBI Regulations in the future. 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.

### B. ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th><strong>Ongoing Offer Period</strong></th>
<th>The Units of the Scheme will not be available for Subscriptions, Switch-in, Redemption and Switch out after the closure of NFO Period. To provide liquidity to the investors, the units of the Scheme will be listed on NSE and / or on any of the recognized Stock Exchanges in India.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ongoing Price for subscription (purchase)/ switch-in (from other schemes/plans of the mutual fund) by investors.</strong></td>
<td>The Units of the Scheme will not be available for subscriptions / switch-in (Inter Scheme or Inter Plan) after the closure of NFO Period.</td>
</tr>
<tr>
<td><strong>Ongoing Price for redemption (sale)/ switch-outs (to other schemes/plans of the mutual fund) by investors.</strong></td>
<td>No redemption/ repurchase / switch out (Inter Scheme / Inter Plan) of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched within 10 business days, subject to availability of all relevant documents and details.</td>
</tr>
<tr>
<td>Cut off timing for subscriptions/redemptions/switches</td>
<td>For Purchases including switch-ins:</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</td>
<td>The Units of the Scheme will not be available for subscriptions / switch-in after the closure of NFO Period.</td>
</tr>
<tr>
<td><strong>For Redemptions including switch-outs</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 stock exchanges. 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>
</tbody>
</table>

| Where can the applications for purchase/redemption/switches can be submitted? | The Units of the Scheme will not be available for subscriptions / redemptions / switch-in / switch-out (Inter scheme or Inter Plan) after the closure of NFO Period. The investors can sell the units of the Scheme on NSE and/or any recognised Stock Exchanges in India where the scheme will be listed. |

| Minimum amount for purchase/redemption/switch - outs | No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched within 10 business days, subject to availability of all relevant documents and details. |

| Minimum balance to be maintained and consequences of non maintenance | The Units of the Scheme will not be available for subscriptions / redemptions / switch-in / switch out after the closure of NFO Period. Hence the provision of minimum balance to be maintained and consequences of non maintenance will not be applicable. |

| Special Products / facilities available | Since this is a close ended scheme, special features such as Systematic Investment Plan; Systematic Transfer Plan & Systematic Withdrawal Plan shall not be available. |

<table>
<thead>
<tr>
<th>Accounts Statements</th>
<th><strong>Normal Transactions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The units of the Scheme will not be available for subscriptions / switch in and redemption / switch out after the closure of NFO period. An Account Statement reflecting the final redemption on maturity / switched out on maturity will be dispatched to the unit holders within 10 business days from the date of maturity of the Scheme. The Fund reserves right to provide the account statement 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. The unitholder may request for a physical account statement by writing / calling the AMC.</td>
<td></td>
</tr>
</tbody>
</table>

| 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 | The Dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend. |

| Dividend | **Direct credit to the bank account of unitholders:** The Fund is arranging with select bankers to enable direct credits into the bank accounts of the investors at these banks. If an investor has an account with a bank with whom the fund has a tie up for direct credit, the dividend amount or redemption proceeds will be credited directly to the bank account, under intimation to the unit holder by post/email. As per the directive issued by SEBI, it is mandatory for an investor to declare his / her bank account number and accordingly, investors are requested to give their bank account details in the application form. The Mutual Fund, on a best effort basis, and after scrutinising the names of the banks where unitholders have their accounts, will allow direct credit to the unitholders’ bank accounts. |

| Others: Unitholders who do not wish to avail the above mentioned direct credit facility will receive dividend payments through payable at par cheques /DDs. In locations where payable at par facility is not available, dividend payments will be made through demand drafts. All the dividend payments shall be in accordance and compliance with SEBI circular no. SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006 or any amendment thereto from time to time. |
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 stock exchanges. 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 stock exchanges. 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 dispatch of 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.

C. PERIODIC DISCLOSURES

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

The AMC will calculate and disclose the first NAVs of the scheme not later than 5 business days 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 un-audited / audited financial results in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the fund is situated. These shall also be displayed on the web site of the Reliance Mutual Fund that is www.reliancemutual.com and that of AMFI www.amfiindia.com. Full portfolio in the prescribed format shall also be disclosed either by publishing it in the newspapers or by sending to the unitholders within one month from the end of each half-year and it shall also be displayed on the web site of mutual fund.

Annual Report
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).

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

<table>
<thead>
<tr>
<th>Taxation</th>
<th>Resident Investors</th>
<th>Mutual Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on Dividend(d)</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Capital Gains: Long Term(l)</td>
<td>Without Indexation: 10%(^1)</td>
<td>Nil(^4)</td>
</tr>
<tr>
<td></td>
<td>With Indexation: 20%(^1)</td>
<td></td>
</tr>
<tr>
<td>Capital Gains: Short Term</td>
<td>30%</td>
<td>Nil(^4)</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.

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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.

\[
\text{NAV} = \frac{\text{Market/Fair Value of Scheme’s Investments} + \text{Receivables} + \text{Accrued Income} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{Number of Units Outstanding}}
\]
A. NEW FUND OFFER (NFO) EXPENSES

Please refer Section II, Para F (c) (ii).

B. ANNUAL SCHEME RECURRING EXPENSES

Please refer Section II, Para F (c) (ii).

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, following measures will be adopted:

(i) The addendum detailing the changes may be attached to SID and KIM. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all SID & KIM already in stock.

(ii) Arrangements may be made to display the addendum in the SID 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

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

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

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.

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

A 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

B 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 was 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.

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

There were no enforcement actions taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, 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.

D 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.

E 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 SID, 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)
September 14, 2010
Chief Executive Officer
Address:

- **Bhopal**: 2nd Floor, Chandrakant Complex, Ghataganj, Radha Rani Sinha Road, Bhopal - 560001. **Bhubaneswar**: 1st Floor, Capital House, Above Canara Bank, Wataghavadi Road, Bhubaneswar - 751021.
- **Bhubaneswar**: No. 75, 1st Floor, Post Office, Bhubaneswar - 751011.
- **Bhubaneswar**: Flat No F11, First Floor, Above Hdfc Bank, Sector 35B, Chandigarh - 160 022.
- **Bhubaneswar**: Shop No 1, 2nd Floor, 108, B.F.A. School of Industrial Design, Sector 1, Navi Mumbai - 410101.
- **Bhubaneswar**: No. 201, 1st Floor, Near Bhubaneswar, Bhubaneswar - 751001.
- **Bhubaneswar**: Shop No 201, 2/2, Poonamallee High Road, Chennai - 600 029.
- **Bhubaneswar**: Flat No 201, 2nd Floor, 31, Scheme No 54, Indore - 452010.
- **Bhubaneswar**: Bank No. 43, Naya Bazar, J.B.P. (M.P.) Jaipur - 161 000.
- **Bhubaneswar**: Shop No. 2, 1st Floor, Near Lakshmi Mandir, Bhubaneswar - 751001.
- **Bhubaneswar**: 1st Floor, Sri Krishna Talkies, Near Bhubaneswar, Bhubaneswar - 751001.
- **Bhubaneswar**: No : 71/A-375, V.V. Colony, Dist Sonebhadra, Shaktinagar - 231 000.
- **Bhubaneswar**: No : 4, 1st Floor, Surya Complex, Near Police Station, Jodhpur - 150 000.
- **Bhubaneswar**: 4-E Block, Near Union Bank Of India, Sri Ganganagar - 335001.
- **Bhubaneswar**: Shop No : 214/2, 1st Floor, Near City Mall, Bhubaneswar - 751001.
- **Bhubaneswar**: 1st Floor, Uma Market, Near Thana Gumti, Motijheel, Muzaffarpur, Muzaffarpur - 800001.
- **Bhubaneswar**: Shop No : 214/2, 1st Floor, Near City Mall, Bhubaneswar - 751001.
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