

STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (SAI) contains details of Peerless Mutual Fund (PMF), its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document (SID).

This SAI is dated **30 June, 2016**

Interpretation:

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

- All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- All references to "dollars" or "\$" refer to United States Dollars and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- All references to timings relate to Indian Standard Time (IST).
- References to a day are to a calendar day including non-business Day.

Please note that words and expressions used in the SAI will have the same meaning as have been assigned from time to time in the SID.

I. INFORMATION ABOUT SPONSOR, TRUSTEE COMPANY AND ASSET MANAGEMENT COMPANY (AMC)

A. Constitution of the Mutual Fund

Peerless Mutual Fund (the "Mutual Fund" OR "PMF") has been constituted as a trust on 4th August, 2009 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with The Peerless General Finance and Investment Company Limited (PGFI), as the Sponsor and Peerless Trust Management Company Limited as the Trustee to the Mutual Fund. The Deed of Trust has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on 4th December, 2009 under Registration Code **MF/062/09/03**.

The Registered Office of the Mutual Fund is: 3rd Floor, Peerless Mansion, 1, Chowringhee Square, Kolkata –700 069.

B. Sponsor

Peerless Mutual Fund is sponsored by The Peerless General Finance & Investment Company Limited ("PGFI"). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rs. One Lakh only) to Peerless Trust Management Company Ltd (the Trustee Company) as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of the Sponsor (Past 3 years) (Rs. In lakhs)

Particulars	2014-15	2013-14	2012-13
Networth	164130.50	157223.80	149,873.10
Total Income	26780.90	27,468.10	31,293.90
Profit After Tax	11066.30	10,436.00	11,884.30
Assets under Management (if applicable)	N.A.	N.A.	N.A.

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ABOUT THE PEERLESS GROUP

The Peerless Group is an 84 year old group based in Kolkata. The Flagship Company, The Peerless General Finance & Investment Company Ltd., (PGFI) was set up in 1932. PGFI has stopped its erstwhile RNBC business and is now focussing on Financial Products Distribution (FPD) business. Apart from this, PGFI is also looking into future prospects in other probable avenues of business activities.

PGFI provides financial planning assistance to its investors by advising them on the most suitable scheme or suggesting an appropriate portfolio of schemes. PGFI also offers innovative schemes for cross-selling its financial products. Peerless by way of reciprocation of its customers benefits such as discounts on purchases from a number of establishments across the country. In fiscal 2006-07 to enlarge scope of its activities in the ever expanding financial market besides, perusing the existing line of business PGFI decided to set-up Financial Product Distribution of life and General Insurance Products and ended up with modest premium collections of Rs.25 crore in 2006-07, which have gone upto Rs. 1,200 crore (cumulative) during 2010-11. PGFI is now fully geared to embark on distribution of financial products other than insurance products as well.

The Peerless General Finance & Investment Co. Ltd., is having the following subsidiary companies:-

- Peerless Securities Limited
- Peerless Hospitex Hospital & Research Centre Limited
- Peerless Hotels Limited
- Peerless Financial Products Distribution Limited

Apart from the above subsidiary companies PGFI is having the following two Associate Companies:-

- Peerless Financial Services Ltd.
- Bengal Peerless Housing Development Co. Ltd.

The following are the locations where PGFI has its branches -

Regional Office	Branches	States Covered
Kolkata	37	West Bengal, Bihar and Orissa
Guwahati	5	Parts of West Bengal and all NE States
New Delhi	13	Delhi, Jammu & Kashmir, Punjab, Haryana and Rajasthan, Uttar Pradesh, Uttarakhand, Chandigarh
Bangalore	6	Karnataka
Hyderabad	7	Andhra Pradesh and Telengana
Chennai	13	Tamil Nadu, Kerala and Andaman & Nicobar
Mumbai	11	Maharashtra, Goa, Gujarat, Madhya Pradesh & Chattisgarh
TOTAL	92	

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C. The Trustee

Peerless Trust Management Company Ltd (the "Trustee" or "PTMCL"), through its Board of Directors, shall discharge its obligations as Trustee of the Peerless Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 1996 and will also review the activities carried on by the AMC.

I. Details of Trustee Directors:

Name	Age/Qualification	Brief Experience
Mr. S.B. Ganguly Chairman	73 years, Graduate of Chemical Engineering, Fellow of Plastics & Rubber (London), Fellow of Institute of Chemical Engineers, Fellow of the Institute of Chemicals	Mr. Ganguly was Chairman of Exide Industries and has been associated with no. of reputed public & private sector corporates including companies in financial sector like ING Vysya Life Insurance Co. Ltd. He is currently on the board of corporates like Magma Fincorp Ltd., Magma ITL Finance Ltd., Rupa & Co. Ltd., Emami Ltd., West Bengal Industrial Development Corporation Ltd., Paharpur Cooling Towers Ltd., and Su-kam Power Systems Ltd.
Mr. S.K. Roy #	72 years, B.Com	Mr. Roy has been instrumental in expanding Peerless into a diversified conglomerate. In recognition of his significant contribution in diverse spheres, Mr. S. K. Roy has been honored with several awards and accolades, the most recent being the "Padma Shri" by the Government of India. He is the Managing Director of The Peerless General Finance and Investment Co. Ltd. and also on the Board of various Peerless Group companies including Peerless Trust Management Company Limited. He is also the Executive Committee Member of Federation of Indian Chamber of Commerce & Industry (FICCI).
Mr. Sunil Mitra	65 years B.Sc (Hons)	Mr. Mitra retired in June 2011 from the office of Revenue & Finance Secretary, Government of India after a successful 37 year career in the Indian Administrative Service (IAS). During his tenure in the Ministry of Finance, he led the Revenue teams in the formulation of the 2010 and 2011 Union Budgets and spearheaded several significant policy initiatives in public finance including a new disinvestment policy and taxation reforms. During his earlier tenures with the West Bengal Government, he led public policy reforms in the State-owned PSEs and the State's power sector. He resides in Kolkata and is independent Director on the Boards of Edelweiss Financial Services Limited, IPE Global Pvt. Ltd., Texmaco Rail & Engineering Ltd., Nicco Parks & Resorts Ltd.,

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		Calcutta Promotions, Patton International Ltd, Magma HDI General Insurance Co. Ltd., ECL Finance Ltd and Edelweiss Securities Ltd.
Mr. Sisir Kumar Chakrabarti	64 years B.A. with Honours in English and C.A.I.I.B.	<p>Mr. Chakrabarti had been a career banker with over 38 years of experience in the banking industry.</p> <p>After spending 21 years in State Bank Group, Mr. Chakrabarti joined Axis Bank (erstwhile UTI Bank) since 1994 where he served in various capacities till his retirement in September 2011 as Deputy Managing Director on the Board being responsible for Direct Charge of Retail, SME, Agri Business and overall supervision of certain support services.</p> <p>Mr. Chakrabarti is presently an Independent Director on the Boards of Bandhan Bank Ltd, Marino Industries Ltd and Marino Panel Products Ltd.</p> <p>Mr. Chakrabarti is also associated with a few NGOs mainly in the sector of education.</p>

Associate Director

II. Rights, obligations, responsibilities and duties of the Trustee under the deed of Trust and the Regulations.

Pursuant to the Deed of Trust dated, 04th August 2009, constituting the Mutual Fund, and in terms of the SEBI (MF) Regulations, the rights, obligations, responsibilities and duties of the Trustee are as under:

1. To enter into Investment Management Agreement with the prior approval of SEBI.
2. To ensure that the Investment Management Agreement contains clauses as are mentioned in the Fourth Schedule of the Regulations and such other clauses as are necessary for the purpose of entrusting investment management of the Mutual Fund.
3. The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustee.
4. The Trustee shall ensure before the launch of any scheme that the AMC, has:
 - (a) Systems in place for its back office, dealing room and accounting;
 - (b) Appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustee, within 15 days of their appointment.
 - (c) Appointed auditors to audit its accounts

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- (d) Appointed a compliance officer who shall be responsible for monitoring the compliance of the SEBI Act, 1992, rules and Regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors grievances
 - (e) Appointed registrars and laid down parameters for their supervision
 - (f) Prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - (g) Specified norms for empanelment of brokers and marketing agents
 - (h) Obtained, wherever required under the Regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
5. The Trustee shall ensure that
- (a) the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
 - (b) the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unit holders.
 - (c) The transactions entered into by the AMC are in accordance with the Regulations and the scheme.
 - (d) AMC has been managing the Mutual Fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
 - (e) The activities of the AMC are in accordance with the provisions of the Regulations.
 - (f) The transactions of the Mutual Fund are in accordance with the provisions of the Deed of Trust.
 - (g) There is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unit- holders.
 - (h) The investment of the Trust Fund and unit Capital of each scheme is made only in the permitted securities and within limits prescribed by the Deed of Trust, the Regulations, and the SID of the scheme concerned.
 - (i) The income due to be paid to the schemes is collected and properly accounted for and shall claim any repayment of tax and holding any income received in trust for the holders in accordance with the Deed of Trust and the Regulations.
 - (j) No change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unit holders, shall be carried out unless,
 - (i) A written communication about the proposed change is sent to each unit holder and an advertisement is given 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; and
 - (ii) The unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.
6. Where the Trustee has reason to believe that the conduct of business of the Mutual Fund is not in accordance with the Regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the Board of the violation and the action taken by them.

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7. Each Board of Director of the Trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
8. The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with the Regulations and the provisions of Deed of Trust.
9. The Trustee shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of any scheme in accordance with the Regulations and the Deed of Trust.
10. The Trustee shall obtain the consent of the unit holders
 - (a) Whenever required to do so by the Board in the interest of the unit holders or
 - (b) Whenever required to do so on the requisition made by three-fourths of the unit holders of any scheme or
 - (c) When the majority of the Trustee decide to wind up or prematurely redeem the units.
11. The Trustee shall:
 - (a) Periodically review the investor complaints received and the redressal of the same by the AMC.
 - (b) Call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to the Board, as and when required.
 - (c) Quarterly review all transactions carried out between the Mutual Fund, AMC and its associates.
 - (d) Quarterly review the networth of the AMC and in case of any shortfall, ensure that the asset management company make up for the shortfall.
 - (e) Periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unit holders.
 - (f) Abide by the Code of Conduct as specified in the Fifth Schedule.
 - (g) Be bound to make such disclosures to the unit holders as are essential in order to keep them informed about any information, which may have an adverse bearing on their investments.
12. The Trustee shall furnish to the Board on a half-yearly basis,
 - (a) A report on the activities of the Mutual Fund
 - (b) A certificate stating that the Trustee has satisfied itself that there have been no instances of self-dealing or front running by any of the Director of the Trustee, directors and key personnel of the AMC.
 - (c) A certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 have been undertaken by the asset management company and has taken adequate steps to ensure that the interests of the unit holders are protected.
13. The independent Board of Directors of Trustee referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the sponsor.

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14. The Trustee, in carrying out its responsibilities under the Deed of Trust and the Regulations, shall maintain arm's length relationship with other companies, institutions or financial intermediaries or anybody corporate with which it is associated.
15. A Director of the Trustee shall not participate in the meetings of the Trustee or in any decision making process in respect of any investments for the Mutual Fund in which he may be interested.
16. The Trustee in discharge of its duties and in exercise of all discretionary powers, may engage, appoint, employ, retain or authorize the AMC to engage, appoint, employ or retain any solicitors, advocates, bankers, brokers, accountants, professional advisors and consultants as it may deem appropriate.
17. Trustee shall exercise due diligence as under :
 - A.** General Due Diligence:
 - (i) The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
 - (ii) Trustee shall review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
 - (iii) The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
 - (iv) The Trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
 - (v) The Trustee shall arrange for test checks of service contracts.
 - (vi) The Trustee shall immediately report to the Board of any special developments in the Mutual Fund.
 - B.** Specific due diligence:
 - (i) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee,
 - (ii) Obtain compliance certificates at regular intervals from the AMC,
 - (iii) Hold meeting of Trustee more frequently,
 - (iv) Consider the reports of the independent auditor and compliance reports of AMC at the meetings of Trustee for appropriate action,
 - (v) Maintain records of the decisions of the Trustee at its meetings and of the minutes of the meetings,
 - (vi) Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel,
 - (vii) Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
18. The independent directors of the Trustee Company shall pay specific attention to the following:-
 - (a) The Investment Management Agreement and the compensation paid under the agreement
 - (b) Service contracts with affiliates (whether the AMC has charged higher fees than outside contractors for the same services)
 - (c) Selection of the AMC's independent directors

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- (d) Securities transactions involving affiliates to the extent such transactions are permitted
- (e) Selecting and nominating individuals to fill independent director's vacancies,
- (f) Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions
- (g) The reasonableness of fees paid to sponsors, AMC and any others for services provided
- (h) Principal underwriting contracts and their renewals
- (i) Any service contract with the associates of the AMC.

Notwithstanding anything contained in the SEBI Regulations the Trustee shall not be held liable for the acts done in good faith and if adequate due diligence has been exercised by it.

Amendments to the Deed of Trust shall not be carried out without the prior approval of SEBI and Unitholders' approval/consent as per the procedure/provisions laid down in the Regulations and the Deed of Trust would be obtained where it affects the interest of the Unitholders.

19. Supervisory Role of the Trustee

The supervisory role of Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports/compliance reports received on a periodical basis. The Compliance Officer has direct reporting line to the Board of Directors of the Trustee. The Board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the Regulations. The Board Meeting of the Trustee has been held 3 times in the current financial year. Further, the quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent directors as may be prescribed by SEBI from time to time, are present at the meeting.

Further the Audit Committee chaired by an independent director of the Trustee is responsible for:

- Review of the periodic financial statements of the Trustee and Mutual Fund including audit observations
- To review the internal audit systems and internal and statutory audit reports
- Recommending appointment of auditors

Trustee – Fees and Expenses

In accordance with the Deed of Trust constituting the Mutual Fund, the Trustee shall be entitled to receive a fee not exceeding 0.01% per annum of the daily net assets of the Fund. In addition to the aforesaid remuneration, the Trustee shall be entitled for reimbursement of all costs, charges and expenses incurred in or about the administration and execution of the Fund. Such reimbursement from and out of the Trust Funds would always be to the extent permitted under the Regulations.

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D. Asset Management Company

Peerless Funds Management Company Limited (PFMCL) is a public limited company incorporated under the Companies Act, 1956 on 9th April, 2009, having its Registered Office at Peerless Mansion, 1, Chowringhee Square, Kolkata - 700 069.

Peerless Funds Management Company Limited has been appointed as the Investment Manager of Peerless Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated, 11th August 2009, and executed between the Trustee and the AMC.

I. Details of AMC Directors:

Name	Age / Qualification	Brief Experience
Mr. Partho S Datta Chairman	67 years, Chartered Accountant; AMP at Harvard Business School	Mr. Datta has rich and extensive experience in various finance related areas like financial management, M&A and Capital Markets Strategy. He was formerly Director Finance with the Murugappa group & INDAL. He is currently on the boards of HDFC Bank Limited, The Peerless General Finance & Investment Co. Ltd., IRIS Business Services Limited and Endurance Technologies Pvt. Ltd. Mr. Datta was also on the boards of Cholamandalam Finance and was an advisor to the Central Government appointed Board of Directors of Satyam Computers Services Limited during the restoration process.
Mr. Harish Engineer	67 Years, Diploma in Business Management and Bachelor in Science	He has a rich experience of 40 years in the fields of finance and banking. In his career illustration Mr. Engineer was associated with HDFC Bank since 1994 in various capacities and retired in October 2013 as Executive Director on the Board of the Bank and responsible for Wholesale Banking including International Banking. Prior to joining HDFC Bank, Mr. Engineer worked with Bank of America for 26 years in various areas including operations and corporate credit management. During his stint with Bank of America he worked in various locations like Hong Kong, Los

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		<p>Angeles, London, Singapore, Thailand and Indonesia in addition to the longest stint in Mumbai.</p> <p>He has also been associated with Aditya Birla Capital Advisors Pvt Ltd, Barclay Investments & Loans (India) Limited, Infrastructure leasing & Financial Services Limited, International Asset Reconstruction Company, Piramal Finance Pvt Ltd.</p> <p>Since October 2013, Mr. Engineer has also been appointed as a Senior Consultant to International Finance Corporation (IFC), Washington, to manage investment in select Fls & Banks in South Asia. He is on the Boards of The Federal Bank Limited, Aditya Birla Capital Advisors Private Limited, Barclays Investments & Loans (India) Limited, Infrastructure Leasing and Financial Services Limited, International Asset Reconstruction Company Private Limited, Piramal Finance Private Limited and Navin Fluorine International Limited.</p>
Mr. Jayanta Roy#	39 years, M.Com.(Calcutta University) MBA(Cardiff University, UK)	<p>Hailing from an entrepreneurial family which pioneered financial services in the RNBC sector in the country, Mr. Roy is presently Managing Director & CEO of Peerless Financial Products Distribution Ltd. (formerly Peerless Developers Ltd.). He is the prime force behind driving the financial product distribution business. He was formerly Director - Corporate Planning & Strategy of PGFI and 'Group Corporate Coordinator' of the company. He had also been President of Indian Chamber of Commerce (ICC), where he contributed significantly to giving a new direction to ICC's future growth path. He is currently on the Boards of Peerless group companies including Peerless Funds Management Company Limited.</p>
Mr. Malay Kumar Ghosh	56 years, Master of Statistics from Indian Statistical Institute, Kolkata, with	Mr. Ghosh has close to 30 years of enriching experience in the insurance

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	specialization in Statistical Quality Control & Operations Research	<p>industry having worked for insurance behemoths like Life Insurance Corporation of India (17 years), Bajaj Allianz Life insurance Co. Ltd. (7 years) and Reliance Life Insurance Company Limited (6 years, first as President & Executive Director for 5 years and then as a Non-Executive Director).</p> <p>He is currently on the boards of AB Insurance Brokers Private Limited and Abira Securities Limited.</p>
Mr. Soumendra Mohan Basu	66 years, Bachelor of Arts degree with Honours in English Literature from Presidency College and certified Executive Coach	<p>Mr. Basu has around 33 years of enriching experience in the banking industry in areas of planning, credit, marketing, operations and consumer banking having worked for banks like State Bank of India, ANZ Grindlays Bank and Standard Chartered Bank. He has also been associated with the Manpower Group, first as the Executive Chairman of Manpower Services India Pvt. Ltd. and then as Executive Adviser for workforce/skills development and Government/Industry relations.</p> <p>He is also a Non-Executive Director on the Boards of Endurance Technologies Pvt. Ltd. and India Carbon Ltd.</p>
Mr. Rajiv Shastri	46 years, B.Com, Chartered Accountant and M.Sc, Economic Management & Policy from University of Strathclyde, Glasgow	<p>He has over 18 years of experience in the mutual fund industry with considerable exposure with entities & fund houses like DSP Merrill Lynch, Birla Sunlife, HDFC and ABN AMRO in investment related functions, corporate & institutional relationships, risk control methodologies, procedures & tools, product development, etc.</p> <p>Mr. Shastri had also been responsible for driving business led growth with Sahara Mutual Fund, Lotus Mutual Fund, where he had achieved</p>

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		<p>phenomenal growth through increased brand awareness measures, management of different verticals, managing strategic partnerships with stakeholders etc.</p> <p>His last assignment was with Pramerica Mutual Fund as Director & Business Head - Portfolio Management Services and Products with overall responsibility for establishing & managing the portfolio management business and developing asset management products.</p>
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Associate Director

II. Duties and Responsibilities of the AMC as specified in the Regulations

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the SEBI Regulations and the Deed of Trust.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall be responsible for the acts of commission or omission by its employees or the persons whose services have been procured by the AMC.
4. The AMC shall submit to the Trustee quarterly reports of each year on its activities and the compliance with the SEBI Regulations.
5. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time, provided that such termination shall become effective only after the Trustee have accepted the termination of assignment and communicated their decision in writing to the AMC.
6. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omission, while holding such position or office.
7. The Chief Executive Officer (whatever his designation may be) of the AMC shall ensure that the Mutual Fund complies with all the provisions of the SEBI Regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
8. The fund managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.

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9. (a) The AMC shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes. For this purpose, the aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the Mutual Fund. The aforesaid limit of 5 per cent shall apply for a block of any three months.
- (b) The AMC shall not purchase or sell securities through any broker [other than a broker referred to in Pt. 9(a) above which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months.
10. The AMC shall not utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. However, the AMC may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half-yearly annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half yearly and yearly results:
- (i) any underwriting obligations undertaken by the schemes of the Mutual Funds with respect to issue of securities associate companies,
 - (ii) devolvement, if any,
 - (iii) subscription by the schemes in the issues lead managed by associate companies,
 - (iv) subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.
11. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to the SEBI, as and when required by SEBI.
12. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
13. In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the Mutual Fund in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half-yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.
14. The AMC shall file with the Trustee and the Board—
- (a) detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment
 - (b) any change in the interests of directors every six months
 - (c) a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the AMC, as the case may be, by the Mutual Fund during the said quarter

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15. Each director of the AMC shall file the details of his transactions of dealing in securities with the Trustee on a quarterly basis in accordance with guidelines issued by SEBI.
16. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
17. The AMC shall calculate the value of net assets of each Scheme of the Mutual Fund and disclose to investors the basis of calculating the Purchase/Redemption Price per unit and Net Asset Value of the various schemes of the Mutual Fund in the appropriate SID or by such other means as may be specified by the Trustee and SEBI.
18. The AMC shall appoint registrars and share transfer agents who are registered with SEBI, provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
19. The AMC shall
 - (1) not act as a trustee of any mutual fund
 - (2) not undertake any other business activities except activities in the nature of portfolio management services, management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the Mutual Fund, provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies the Board that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity-wise and there exist systems to prohibit access to inside information of various activities. Provided further that AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations.
 - (3) not invest in any of its schemes unless full disclosure of its intention to invest has been made in the SID, provided that an AMC shall not be entitled to charge any fees on its investment in that scheme.
20. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule to the Regulations.

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III. Information on Key Personnel of the Asset Management Company:

Employee	Designation/ Function	Age	Qualification	Total no. of yrs of Exp.	Assignment held during last 10 years
Mr. Vilas Solanki	Head - Operations & Customer Service	43	B.Com. PG Diploma-NIIT	21 yrs	As Vice President, Operations, ING Investment Management (I) Pvt. Ltd., Manager, Operations, At Zurich AMC, Executive, Operations at GIC AMC
Mr. Amit Nigam	Head- Equities	41	B.E.(Mechanical); M.B.A.	17 years	As Senior Equity Portfolio Manager at BNP Paribas Asset Management India Pvt. Ltd. and BNP Paribas Investment Partners and previously as Equity Research Analyst at SBI Funds Management Pvt. Ltd. and ABN AMRO Asset Management (India) Ltd.,
Mr. S. Swaminathan	Chief Financial Officer	46	B. Com (Hons.), ACS, AICWA, MBA (Fin)	22 yrs	As Company Secretary with Visa Power Limited, VISA Steel Limited and previously with IFB Group and INDAL.
Mr. Killol P Pandya	Head- Fixed Income	41	MMS (Fin); DPCM (ICFAI); B.Com	17 yrs	As Senior Fund Manager- Debt at LIC Nomura Mutual Fund Asset Management Co Ltd and previously as Head- Fixed Income at Daiwa Asset Management (India) Pvt. Ltd., Fund Manager at SBI Funds Management Pvt. Ltd., as Dealer- Fixed Income at IL&FS Investsmart Ltd. and as Associate Dealer at Darashaw & Co. Pvt. Ltd.
Mr. Manoj Kumar Bajoria	Head- Compliance & Company Secretary	34	B.Com, MBL, LLB, ACS	8 yrs	As Principal Officer and Company Secretary at Peerless Trust Management Co. Limited, Company Secretary at Neotia Healthcare Initiative Ltd., Sen Pet (India) Ltd. and Acropetal Technologies Ltd.
Mr. Debjit Guha	Head- East Zone	47	M.Com, LLB	21 years	As Regional Manager at Principal PNB Asset Management Company Pvt. Ltd. and as Manager- Sales at UTI Asset Management

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					Company Limited
Ms. Roshni Chorge	Investor Relations Officer	32	B.Com	11 years	As Customer Service Manager at Aditya Birla Money Mart Ltd. and as Sales Support Executive at Reliance Capital Asset Management Limited
Mr. Kunal Somaiya	Dealer- Fixed Income	30	PGPM- Marketing (Major) & Financial Services (Minor) from Unitedworld School of Business – Kolkata B.Com (H)- Calcutta University	5 Yrs	As Manager- Business Strategies and Products and Sales at Peerless Funds Management Co. Limited
Mr. Harsh Shah	Dealer - Equity	40	B.E. Telecom	10 yrs	As Dealer at K.R. Choksey Shares & Securities limited, as Institutional Dealer at Techno Shares & Stocks Limited and as Institutional Sales at A.K. Stockmart (A.K. Capital Group).
Mr. Vikram Pamnani	Fund Manager- Fixed Income	30	PGDM (Finance)	7 years	As Asst. Manager/Dealer-Fixed Income at Canara Robeco Asset Management Co. Ltd. and as Documentary Credit Analyst at Deutsche Bank.
Mr. Rupen Shah	Head- Information Technology & Telecom	44	B.Com & Diploma in Systems Management	16 years	As Head of Department – EDP & Systems at VCK Share & Stock Broking Services Ltd.

THE INVESTMENT TEAM AND THE OPERATIONS TEAM OPERATES FROM MUMBAI AND ALL OTHER KEY PERSONNEL ARE BASED AT HEAD OFFICE IN KOLKATA.

IV. Shareholding of the AMC

Peerless Funds Management Co. Limited (PFMCL) is a subsidiary of PGFI

Shareholder	Type of holding	% Holding
The Peerless General Finance & Investment Co. Ltd(PGFI)	Equity	99.99
Individually	Equity	0.01

STATEMENT OF ADDITIONAL INFORMATION (SAI)**V. Procedure and Recording of Investment Decisions**

All investment decisions, relating to the Schemes, will be undertaken by the AMC in accordance with the Regulations, the investment objectives specified in the SID and the Investment Manual of the AMC. All investment making decisions taken by the AMC in relation to the corpus of the Schemes will be recorded.

A detailed report will be made before taking any decision to invest in a company/issuer for the first time. Individual scrip wise reasons will be recorded by the fund manager at the time of placing individual orders. Performance of the Schemes will be periodically tabled before the boards of the AMC and the Trustee respectively. Performance of the Schemes vis-à-vis their respective benchmark indices will be periodically monitored by the boards of the Trustee and the AMC. Further, the boards of the Trustee and the AMC will also review the performance of the Schemes in the light of performance of the mutual fund industry.

The AMC has appointed an Investment Committee, which lays down the broad investment policy for the Schemes, reviews the policy and reviews the portfolio and performance of the Schemes periodically. However, the day to day investment management decision will solely be of the fund manager of the respective Scheme.

All investment decisions shall be recorded in terms of SEBI Circular No. MFD/CIR/6/73/2000, dated July 27, 2000 as amended from time to time.

The Managing Director and Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

E. Service providers**Custodian****HDFC Bank Ltd**

Custody & Depository Services,
Lodha - I Think Techno Campus,
Building - Alpha, 8th Floor,
Next to Kanjur Marg Railway Station,
Kanjur Marg (E),
Mumbai – 400042
SEBI REGISTRATION NO. IN /CUS/001

Registrar and Transfer agent**Karvy Computershare Pvt. Ltd**

Unit : Peerless Mutual Fund
Karvy Centre, No. 8-2-609
Street No. 1, Banjara Hills
Hyderabad - 500 034.
SEBI registration Number: INR000000221

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The Trustee and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to Unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

Statutory Auditor of the Mutual Fund
M/s. S R Batliboi & Associates, LLP

Chartered Accountants
 6th Floor, Express Towers
 Nariman Point
 Mumbai- 400 021

Fund Accountant
Sundaram BNP Paribas Fund Services Limited

No. 23, Cathedral Garden Road, Nungambakkam,
 Chennai – 600 034

Collecting Bankers

HDFC Bank Ltd, and or such other banks registered with SEBI may be appointed as the collecting banker(s)/paying banker(s) under the scheme on such terms and conditions as may be decided by the AMC from time to time.

Principal business address of the Bank

HDFC Bank Ltd
 (SEBI Registration No: INB 100000063)
 Maneckji Wadia Bldg
 Nanik Motwani Marg, Fort,
 Mumbai – 400 001

Legal Counsel

Not Applicable

F. CONDENSED FINANCIAL INFORMATION (CFI)

	PEERLESS FLEXIBLE INCOME FUND		
Historical per unit statistics	2013-14	2014-2015	2015-16
NAV at the beginning of the year			
Growth	10.5842	10.994	11.7352
Monthly Dividend	10.1252	10.0792	10.7562
Quarterly Dividend	10.1802	10.1126	10.7949
Direct Growth	10.5921	11.1002	11.9947
Direct Monthly Dividend	9.9461	10.1089	10.9281
Direct Quarterly Dividend	10.5878	10.5604	11.3991
Dividend paid per unit during the year (net) (Rs.)			
Monthly Dividend -Individual/HUF	0.3592545900	-	-

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Monthly Dividend -Others	0.3209050300	-	-
Quarterly Dividend -Individual/HUF	0.1751888800	-	-
Quarterly Dividend -Others	0.1492648700	-	-
Direct Monthly Dividend – Individual / HUF	0.2300402900	-	-
Direct Monthly Dividend - Others	-	-	-
Direct Quarterly Dividend – Individual / HUF	0.4379721900	-	-
Direct Quarterly Dividend - Others	0.3731621800	-	-
NAV at the end of the year (Rs. Per Unit)			
Growth	10.994	11.7352	12.4728
Monthly Dividend	10.0792	10.7562	11.4321
Quarterly Dividend	10.1126	10.7949	-
Direct Growth	11.1002	11.9947	12.8984
Direct Monthly Dividend	10.1089	10.9281	11.7130
Direct Quarterly Dividend	10.5604	11.3991	12.2321
Scheme Returns (%) (CAGR or Absolute Returns)			
Growth	4.03%	6.69%	6.29%
Total Net Assets at the end of the year (Rs. Crs)	27.12	36.21	21.61
Ratio of Recurring Expenses to Net Assets			
Retail	1.94%	1.99%	1.43%
Direct	0.96%	0.54%	0.46%

II. HOW TO APPLY?

This section must be read in conjunction with the Section “Units and Offer” of the SID of the respective Scheme(s) of the Fund

1. The application form/Transaction Slip for the Sale of Units of the respective Schemes/ Plans will be available and accepted at the office of the ISCs / Official Points of acceptance during their business hours on their respective business days.
2. Applications must be completed in Block Letters in English.
3. Applications filled up and duly signed by all joint investors should be submitted along with the cheque/draft/other payment instrument or instruction to a designated ISC /Official Point of acceptance of AMC or the Registrar as specified. Signatures should be in English or in any Indian Language.

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4. All cheques and bank drafts must be drawn in favour of "a Specific Scheme" and the name of the respective Plan should also be mentioned and crossed "A/c Payee only". A separate cheque or bank draft must accompany each application/each scheme. Investors must use separate application forms for investing simultaneously in more than one Plan of the Scheme subject to the minimum subscription requirements under each Plan. If the amount mentioned on the application is different from the amount mentioned on the accompanying cheque or bank / demand draft or the amount is not mentioned in the application form, then the amount on the cheque will be treated as the application amount and the application will be processed accordingly. In case the name of the Scheme/Plan mentioned on the application form differs from the name mentioned on the accompanying payment instrument, then the application will be treated as an application for the Scheme/Plan mentioned on the application form.
5. All cheques and bank drafts accompanying the application form should contain the application form number / folio number, scheme name and name of first investor on its reverse.
6. In order to protect the interest of Investors from fraudulent encashment of cheques, the current SEBI Regulations, have made it mandatory for Investors to mention in their Application / Redemption request, their bank name, branch, address, account type and account number. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
7. In terms of SEBI circular number MRD/DoP/Cir- 05/2007 dated April 27, 2007, Permanent Account Number (PAN) shall be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction with effect from July 2, 2007. Accordingly, it is mandatory for investors to provide their PAN along with a self-attested copy of PAN Card. If the investment is being made on behalf of a minor, the PAN of the minor or father or mother or the guardian, who represents the minor, should be provided. Applications received without PAN/PAN card copy will be rejected.

Pursuant to SEBI letter dated June 19, 2009 addressed to AMFI, and in compliance with AMFI Guidelines dated July 14, 2009, investment in Micro Schemes such as SIP where aggregate of installments in a rolling 12 months period or in a financial year i.e. April to March does not exceed Rs 50,000 per year per investor (hereinafter referred as "Micro SIP"), will be exempted from the requirement of PAN with effect from August 01, 2009. This exemption will be applicable only to investments by individuals (including Joint Holders who are individuals, Non Resident Indian (NRI) but not Person of Indian Origin (PIOs), Minors and Sole proprietary firms. Hindu Undivided Family and other categories will not be eligible for Micro SIPs.

Investors may please note that Micro SIP will be applicable for all the Schemes of PMF where SIP facility is available subject to submission of necessary Photo Identification Document along with Micro SIP application as a proof of identification in lieu of PAN. The list of acceptable Photo Identification Documents is given in the aforesaid AMFI Guidelines, which is available on our website www.peerlessmf.co.in.

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Further in terms of SEBI Circular MRD/DoP/Cir-20/2008 dated June 30, 2008, it is clarified that PAN may not be insisted in the case of Central Government, State Government, and the officials appointed by the courts example Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market. However, the aforementioned clarification will be subject to the mutual fund verifying the veracity of the claim of the specified organizations, by collecting sufficient documentary evidence in support of their claim for such an exemption.

Further, in terms of SEBI Circular MRD/DoP/MF/Cir-08/2008 dated April 03, 2008, it has been, clarified to exempt investors residing in the state of Sikkim from the mandatory requirement of PAN for their investments in mutual funds. However, this would be subject to the Mutual Fund verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence including strict compliance with the applicable 'KYC' norms. The requirements pertaining to PAN & KYC shall be as prescribed by applicable Regulations read with various amendments, circulars, notifications issued from time to time.

8. Pursuant to implementation of Know Your Customer (KYC) norms under Prevention of Money Laundering Act, 2002 (PMLA) and in accordance with Association of Mutual Funds in India (AMFI) circular 35/MEM-COR/62/10-11 dated October 07, 2010 and communication under reference 35/MEM-COR/81/10-11 dated December 23, 2010 it may be noted that KYC Compliance is mandatory for all Individual Investors with effective January 01, 2011 irrespective of the amount of investment.

In order to reduce hardship and help investors dealing with SEBI intermediaries, SEBI issued following circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/Cir-23/2011 dated December 02, 2011, MIRSD/Cir-26/2011 dated December 23, 2011 and MIRSD/Cir-5/2012 dated April 13, 2012 informing SEBI registered intermediaries as mentioned therein to follow, with effect from January 01, 2012, a uniform KYC compliance procedure for all the investors dealing with them on or after that date. SEBI also issued KYC Registration Agency ("KRA") Regulations, 2011 and the guidelines in pursuance of the said Regulations and for In-Person Verification ("IPV").

- Pursuant to SEBI Circular No. CIR/MIRSD/09/2013 dated October 8, 2013, e-KYC service launched by Unique Identification Authority of India (UIDAI) is a valid process for KYC verification, which requires authorization to access investors' data through UIDAI system.

The PMLA Requirements and related guidelines/circulars issued by the SEBI and AMFI states that Know Your Client (KYC) formalities are required to be completed for all Unit Holders, including Guardians and Power of Attorney holders, for any investment (whether new or additional purchase) made in mutual funds. All Mutual Funds are required to verify the identity and maintain records of all their investors through the mandate KYC process. The Investor needs to submit the necessary documents to the POS Location of KRA.

Any subsequent changes in address or other details could be intimated to any of the POS (with relevant documentary evidence) and the same will get updated in all the mutual funds where the investor has invested.

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Investors have to provide the relevant documents and information ONLY ONCE for complying with KYC. After that Investors could use same with all SEBI registered intermediaries merely attaching a copy of the KYC acknowledgement slip with the application form / transaction slip when investing for the first time in every folio (Post KYC) in each Mutual Fund house, without the necessity to submit the KYC documents again.

The Application Forms/Change Request Forms for KYC are available at the ISC of AMC and Karvy and at the website of PMF [www. peerlessmf.co.in](http://www.peerlessmf.co.in)

9. Applicants must satisfy the minimum Application Amount requirements mentioned in the SID of the respective schemes of the Mutual Fund.
10. **Quoting of Employee Unique Identification Number (“EUIN”) in the Application Form:** Pursuant to SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 and various AMFI Guidelines issued in this regard, investors are requested to disclose the details of EUIN along with the AMFI Registration Number (“ARN”) of the distributor and the sub-distributor while submitting the applicable transaction request (excluding redemption).

In this regard the investors are requested to note the following:

- i) Kindly use the new application forms/transaction forms which have spaces for ARN Code, Sub broker code and the EUIN.
 - ii) EUIN will not be applicable to overseas distributors who comply with the requirements of AMFI guidelines
 - iii) Where the EUIN is left blank, the declaration by the investor should state that EUIN space has been left blank as the transaction is an “execution only” transaction.
11. Applications not complete in any respect are liable to be rejected.
 12. The AMC / Trustee retains the sole and absolute discretion to reject any application.

Application incomplete in any respect (other than mentioned above) will be liable to be rejected

In order to protect investors from frauds, it is advised that the Application Form number / folio number, scheme name and name of the first investor should be written overleaf the cheque / draft, before they are handed over to any courier / messenger / distributor / ISC.

In order to protect investors from fraudulent encashment of cheques, Regulations require that cheques for Redemption of Units specify the name of the Unit Holder and the bank name and account number where payments are to be credited. Hence, all applicants for Purchase of Units must provide a bank name, bank account number, branch address, and account type in the Application Form.

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Payment Mode

Payment can be made by either

- cheque;
- draft (i.e. demand draft or bank draft); or
- a payment instrument (such as pay order, banker's cheque, etc.)
- a payment mode as may be approved by the AMC from time to time.

Resident Investors

Applications accompanied with cash, money orders, postdated cheques [except for Systematic Investment Plan (SIP)], third party cheques, outstation cheques and postal orders are liable to be rejected. Cheques drawn on the bank not participating in the clearing house will not be accepted.

The AMC will reimburse demand draft charges subject to maximum of Rs. 1,000/- per transaction for purchase of units by investors residing at location where the ISC's/Official Points of Acceptance are not located as per the table below:

Amount of Investments	Rate of Charge of Demand Drafts
Upto Rs 10,000	At actuals subject to a maximum of Rs 50
Above Rs 10,000	Rs 0.50 per Rs 1000
Maximum Charges	Rs 1,000

The AMC reserves the right to refuse bearing of demand draft charges, in case of investments made by the same applicant(s) through multiple applications at its own discretion which will be final and binding on the investor. Investors residing at places other than where the ISC's/Official Point of Acceptance are located, are requested to make the payment by way of demand draft(s) after deducting charges as per the rates indicated in the above table. The AMC reserves the right to insist for the proof of demand draft charges. It may be noted that additional charges, if any, incurred by the investor over and above the levels indicated above will not be borne by the AMC. No demand draft charges will be borne by the AMC for purchase of Units by investors residing at such locations where the ISC's/Official Points of Acceptance are located. Reimbursement of demand draft charges will be applicable for all equity schemes and hybrid schemes.

Investors may kindly note that DD charges will not be reimbursed for debt and liquid schemes of the Mutual Fund. Applications accompanied by cheques/drafts not fulfilling the above criteria are liable to be rejected.

Additional mode of payment through Applications Supported by Blocked Amount ("ASBA") in Mutual Funds for investing in New Fund offer (NFO)

In terms of SEBI circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, an investor can subscribe to the New Fund Offer (NFO) of Mutual Fund launched on or after July 1, 2010, through the ASBA facility by applying for the units offered by the Schemes in the ASBA application form and following the procedure as prescribed therein.

"Applications Supported by Blocked Amount" or "ASBA" is an application containing an authorization given by the investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Schemes of Peerless Mutual Fund. If an investor is applying through ASBA facility, the application

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money towards the subscription of Units shall be debited from his specified bank account only if application of the investor is selected for allotment of Units.

Investors under ASBA can also subscribe to NFO of the Schemes by making physical or electronic application through Self Certified Syndicate Bank ("SCSB").

Benefits of Applying through ASBA facility:

- a) The Investor need not issue a cheque of a demand draft, as the investor needs to submit the ASBA application form accompanying an authorization to block the account to the extent of application money towards subscription of units in the NFO. The investor can use the balance money, if any, for other purposes.
- b) Release/unblocking of blocked funds after allotment is done instantaneously.
- c) As the application amount remains in the investor's bank account, the investor continues to earn interest till the allotment is made, when an application is made under ASBA facility.
- d) Refunds of money to the investors do not arise as the application money towards subscription of units is debited only on the allotment of units.

ASBA Procedure

- i) An investor intending to subscribe to the units during NFO through ASBA facility shall submit a duly completed ASBA application form to a SCSB with whom such investor's bank account is maintained.
- ii) The ASBA Application Form towards the subscription of units can be submitted through one of the following modes:
 - submit the form physically with the Designated Branches (DBs) of SCSB ("Physical ASBA"); or
 - submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").
- iii) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner, that the investors will be allotted the units he has applied for. Note: The application would be rejected by the Bank, if the bank account specified in the ASBA application form does not have sufficient credit balance to meet the application money towards the subscription of units in the NFO.
- iv) On acceptance of physical or electronic ASBA, the SCSB shall block funds available in the specified bank account to the extent of application money specified in ASBA application Form.
- v) Application money towards the subscription of units shall be blocked in the account until (i) allotment of units is made or (ii) the application is rejected.
- vi) SCSBs shall unblock the bank accounts for (i) transfer of requisite money to the Mutual Fund / scheme bank account against each valid application on allotment or (ii) in case the application is rejected.
- vii) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in) and shall also be given in the ASBA application form.

Grounds for Technical Rejections of ASBA application forms

ASBA application forms can be rejected, at the discretion of Registrar and Transfer Agent of Peerless Mutual Fund or AMC or SCSBs including but not limited on the following grounds:-

- i) Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.

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- ii) Mode of ASBA i.e. either physical ASBA or electronic ASBA is not selected or ticked.
- iii) ASBA application form without the stamp of the SCSB.
- iv) Application by any person outside India if not in compliance with applicable foreign and Indian laws.
- v) Bank account details not given/incorrect details given.
- vi) Duly certified Power of Attorney, if applicable, not submitted along with the ASBA application form.

- vii) No corresponding records available with the Depositories matching the parameters namely (a) Names of the ASBA applicants (including the order of names of joint holders) (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository account.

Mechanism for Redressal of Investor Grievances:

All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving complete details such as name & address of the applicant, number of units applied for, counterfoil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the Designated Branch or the collection centre of the SCSB where the application form was submitted.

If the SCSB has not resolved the grievance, investors should write to M/s. Karvy Computershare Pvt. Ltd. (Karvy), Hyderabad, Registrar and Transfer Agent of Peerless Mutual Fund.

Non Resident Indians (NRI)/Persons of Indian Origin (PIO), Foreign Institutional Investors

Repatriation Basis

In the case of NRIs including PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in his Non - Resident (External) Rupee Account (NRE) / Foreign Currency (Non- Resident) Account (FCNR). In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

FIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non- Resident Rupee Account maintained by the FI with a designated branch of an authorised dealer in accordance with the relevant exchange management regulations.

Non-repatriation Basis

In the case of NRIs/PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in his NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO). In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

Returned cheque(s) are liable not to be presented again for collection, and the accompanying Application Form is liable to be rejected. In case the returned cheque(s) are presented again, the necessary charges may be debited to the Investor.

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Application under Power of Attorney

An applicant wanting to transact through a power of attorney must lodge the photocopy of the Power of Attorney (POA) attested by a Notary Public or the original POA (which will be returned after verification) within 30 days of submitting the Application Form / Transaction Slip at a Designated ISC's/Official Point of acceptance or along with the application in case of application submitted duly signed by POA holder. Applications are liable to be rejected if the power of attorney is not submitted within the aforesaid period.

Application by a non – individual investor

In case of an application by a company, body corporate, society, mutual fund, trust or any other organisation not being an individual, a duly certified copy of the relevant resolution or document along with the updated Specimen Signature list of Authorised Signatories must be lodged along with the Application Form / Transaction Slip at a Designated ISC's/Official Point of acceptance. Further, the AMC may require that a copy of the incorporation deeds / constitutive documents (e.g. Memorandum and Articles of Association) be also submitted to the ISC's/Official Point of acceptance.

Requests for redemption may not be processed if the necessary documents are not submitted .

Mode of Holding

An application can be made by up to a maximum of three applicants. Applicants must specify the 'mode of holding' in the Application Form.

If an application is made by one Unit Holder only, then the mode of holding will be considered as 'Single'.

If an application is made by more than one investors, they have an option to specify the mode of holding as either 'Jointly' or 'Anyone or Survivor'. In either of the cases referred above i.e. application made by one investor/more than one investor, the Fund shall not entertain requests for including any other person as a joint holder once the application has been accepted.

If the mode of holding is specified as 'Jointly', all instructions to the Fund would have to be signed by all the Unit Holders, jointly. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign.

If an application is made by more than one investor and the mode of holding is not specified, the mode of holding would be treated as 'Anyone or Survivor'.

In all cases, all communication to Unit Holders (including account statements, statutory notices and communication, etc.) will be addressed to the first-named Unit Holder. All payments, whether for redemptions, dividends, etc will be made favouring the first-named Unit Holder.

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The first named Unit Holder shall have the right to exercise the voting rights associated with such Units as per the applicable guidelines.

Investors should carefully study the paragraphs on "Transfer and Transmission" and "Nomination Facility" before ticking the relevant box pertaining to the mode of holding in the Application Form.

Transaction Charges

Pursuant to SEBI circular vide no. Cir / IMD / DF / 13 / 2011 dated 22 August 2011, a transaction charge per subscription of Rs.10,000/- and above will be charged from the investors and paid to distributors / agents (who have opted to receive the transaction charges) w.e.f. 1 November 2011, as follows:

1. Rs. 100/- per subscription of Rs.10,000/- and above for existing investors in Mutual Funds.
2. Rs.150/- per subscription of Rs.10,000/- and above for a first time investor in Mutual Funds.
3. The transaction charge, if any, shall be deducted by the AMC from the subscription amount and paid to the distributor and the balance shall be invested.
4. There shall be no transaction charge on subscription below Rs.10,000/-.
5. Transaction charges shall be applicable on purchases/ subscriptions relating to new inflows.
6. In case of SIPs, the transaction charge shall be applicable only if the total commitment through SIPs amounts to Rs.10,000/- and above and shall be recovered in a maximum of 4 instalments.
7. There shall be no transaction charges on direct investments.
8. The Account Statement shall state that the net investment as gross subscription less transaction charges, if any and specify the no. of units allotted against the net investment.

The upfront commission on investment made by the investor, if any, shall 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. The distributors shall have also the option to either opt in or opt out of levying transaction charge based on type of the product.

Additional facilities for subscription/redemption/switch of units:

Transactions through Electronic Mode

The Mutual Fund may allow subscriptions of Units by electronic mode including through the various web sites with which the AMC would have an arrangement from time to time.

Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode including through fax/web/ phone transactions as permitted by SEBI or other regulatory authorities.

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For details investors are advised to refer to the SID of the respective Scheme(s) of the Mutual Fund.

Restriction on acceptance of third party payment for subscription of units under the schemes of Peerless Mutual fund:

Peerless Funds Management Company Limited (AMC) /Peerless Mutual fund shall not accept applications for subscriptions of units accompanied with third party payment. "Third party payment" means payment made through an instrument issued from a bank account other than that of the first named applicant /investor mentioned in the application form.

As referred to in the paragraph above, following are exceptional cases where third party payments will be accepted subject to requisite documentation /declarations.

1. Payment by parents /Grandparents / Related Person on behalf of minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000. However, the donors will have to comply with the requirements stated hereinbelow.
2. Payment by employer on behalf of employee under systematic investment plan (SIP) facility through pay roll deductions.
3. Custodian on behalf of an FII or a client.

"Related Person" means any person investing on behalf of the minor in consideration of natural love and affection or as a gift.

Investors submitting their applications through the above mentioned exceptional cases are required to comply with following , without which applications for subscriptions for units will be rejected /not processed /refunded.

- a. Mandatory KYC for all the investors (guardian in case of minor) and the person making the payment i.e. third party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC acknowledgment letter to the application form.
- b. Submission of a separate, complete and valid "third party declaration form" from the investors (guardian in case of minor) and the person making payment i.e. the third party. The said declaration form shall, inter-alia contain the details of the bank account from which the payment is made and the relationship with the investor(s).

III. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be dispatched to the Unit holder within 10 business days of the Specified Redemption Date. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.

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4. The Trustees are bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
 - whenever required to do so by SEBI, in the interest of the Unit holders.
 - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
 - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
 - The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:
 - (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - (ii) the Unit holders are given an option of 30 days to exit at the prevailing Net Asset Value without any Exit Load.
8. In specific circumstances, where the approval of unit holders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

Schedule Eighth of SEBI MF Regulation and various circulars issued from time to time provided detailed guidelines on valuation of traded securities, non-traded securities, thinly traded securities, etc.

Securities and Exchange Board of India (SEBI) vide circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and Gazette Notification No. LAD-NRO/GN/2012-12/38/4290 dated Feb 21, 2012 amended SEBI (mutual Funds) Regulations, 1996.

The emphasis of this amendment was on Principles of Fair valuation and the onus was on respective AMCs to formulate their own valuation policies & procedures providing fair treatment to all investors – past, present and future. According to SEBI, Fair Valuation would imply the following

The valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures.

The amendment also states that in case of any conflict between the principles of fair valuation and guidelines as per Eighth Schedule and circulars issued by SEBI, the

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Principles of Fair Valuation shall prevail.

AMFI had issued best practice guidelines circular No. 29/2012-13 dated May 15, 2012 on Valuation Principles for valuing Debt and Money Market Instruments.

1. Valuation methodologies

The methodology that will be followed for valuing different types of securities held by the schemes of Peerless Mutual Fund is given hereinbelow.

In case of any new security not covered by the present universe, the valuation methodology for the same will be laid down with the approval of the board of the PFMCL.

2. Inter-scheme transfers

All the Inter-scheme transfers shall be done as per current policy viz. at prevailing market price.

3 Handling conflict of Interest

The valuation committee shall be responsible for ongoing review of areas of conflict and should recommend to the PFMCL Board the procedures to mitigate it.

4. Exceptional Events

Following are the some of the events that can broadly be classified as exceptional events:

- a. Major policy announcements by the Central Bank, the Government or the Regulator.
- b. Natural disasters or public disturbances that force the markets to close unexpectedly.
- c. Absence of trading in a specific security or similar securities
- d. Significant volatility in the capital markets
- e. Severe liquidity issue in the market
- f. Any other events where realizable value may be substantially different from benchmark based prices obtained.

The Valuation Committee shall be responsible for monitoring exceptional events and recommending appropriate valuation methods under the circumstances.

Further, the Valuation Committee shall seek the guidance of the AMC board in deciding the appropriate methodology for valuation of affected securities.

Deviations from the valuation policy and principles, if any, will be communicated to the unit holders' through suitable disclosures on the fund website.

5. Record keeping

All the documents which form the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) shall be maintained in electronic form or physical papers.

Above records shall be preserved in accordance with the norms prescribed by the SEBI

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regulations and guidelines.

VALUATION NORMS FOR TRADED SECURITIES

Following are the broad valuation methodology for each type of securities.

1. EQUITY AND RELATED SECURITIES

Equity Shares, Preference Share, Equity Warrants	
Traded	At the last quoted closing price on the Bombay Stock Exchange (BSE)/ National Stock Exchange (NSE) or other stock exchange, where such security is listed. NSE will be the primary stock exchange. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered.
Non Traded	<p><u>APPLICATION MONEY FOR PRIMARY MARKET ISSUE</u></p> <p>i) Application money should be valued at cost up to 60 days from the closure of the issue. If the security is not allotted within 60 days from the closure of the issue, application money is to be valued as per the directives of valuation committee. Rationale of valuing such application money should also be recorded.</p> <p>ii) Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till two months from the date of allotment and after two months, are to be valued as unlisted securities. Method of valuing unlisted equity is stated below.</p> <p><u>VALUATION OF NON TRADED / THINLY TRADED SECURITIES</u></p> <p>When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other Stock Exchange will be used, provided such closing price is not earlier than a period of 30 calendar days.</p> <p>If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as 'non-traded' scrip.</p> <p>Thinly traded equity/ equity related security is defined in SEBI (Mutual Fund) Regulations as follows:</p> <p><i>When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as thinly traded security and valued accordingly.</i></p> <p>In line with these guidelines issued by SEBI, non-traded / thinly traded securities should be valued as follows:</p> <p>Net worth per share is computed as follows:</p>

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	<p>i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure, debit balance in Profit and Loss account and certain contingent liabilities.</p> <p>ii) Net worth per share = (Net worth of the company / Number of paid up shares).</p> <p>Computation of capitalized value of earning per share (EPS):</p> <p>i) Determination of the Industry Price Earning Ratio (P/E) to which the company belongs.</p> <ul style="list-style-type: none"> • Classification of industries provided by AMFI should be adopted. • Presently Industry P/E Ratio used is provided by NSE on a monthly basis. However, the P/E ratio data if not available from BSE/NSE, P/E provided by the Capital Market, Prowess (CMIE), Reuters etc. should be taken. <p>ii) Compute EPS from the latest audited annual accounts. In case the EPS is negative, EPS value shall be considered as zero</p> <p>iii) Compute capitalized value of EPS at 75% discount $(P/E * 0.25) * EPS$</p> <p>Computation of fair value per share to be considered for valuation at 10 % discount for illiquidity. $[(Net\ worth\ per\ share + Capitalized\ value\ of\ EPS) / 2] * 0.90$</p> <p>In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.</p> <p>In case an individual non traded / thinly traded security as valued aforesaid, accounts for more than 5% of the total asset of the scheme, AMC should appoint an independent valuer. The security shall be valued on the basis of the valuation report of the valuer.</p> <p>To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.</p> <p><u>VALUATION OF UNLISTED SECURITIES</u></p> <p>SEBI Circular No. MFD/CIR/03/526/2002 dated May 9, 2002 has prescribed the method of valuation for unlisted equity securities. These guidelines are similar to the guidelines issued by SEBI for non-traded / thinly traded securities mentioned above only except the following:</p> <p>Computation of Net worth per share as <i>lower of (a) and (b)</i>:</p> <p>(a) i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and</p>
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	<p>accumulated losses.</p> <p>ii) Net worth per share = (Net worth of the company / Number of paid up shares).</p> <p>(b) i) Net worth of the company = Paid up capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses. Net worth per share = (Net worth of the company/{Number of paid-up shares + number of shares that would be obtained on conversion/exercise of outstanding warrants and options}).</p> <p>If the net worth of the company is negative, the share should be marked down to Zero.</p> <p>Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity. [(Net worth per share + Capitalised value of EPS) / 2] * 0.85</p> <p>In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.</p> <p>At the discretion of the AMC and with the approval of the trustees, unlisted equity scrip may be valued at a price lower than the value derived using the aforesaid methodology.</p> <p><u>VALUATION OF NON-TRADED WARRANTS</u></p> <p>In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued similarly to the valuation of convertible portion of debentures, as reduced by the amount which would be payable on exercise of the warrant. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.</p> <p>Value of Warrant = [Value of share computed as stated in the paragraph above - exercise price]</p> <p><u>VALUATION OF PREFERENCE SHARES</u></p> <p>Non traded preference shares should be valued in good faith depending upon the type of the preference Share and after considering illiquidity discount if any.</p> <p><u>VALUATION OF ILLIQUID SECURITY IN EXCESS OF 15% OF TOTAL ASSETS OF THE SCHEME</u></p> <p>As per SEBI Circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000</p>
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Illiquid security means securities defined as non-traded, thinly traded and unlisted equity shares.

As per the SEBI Regulations aggregate value of Illiquid securities should not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value

VALUATION OF CONVERTIBLE DEBENTURES

As per Eighth Schedule of SEBI (Mutual Fund) Regulations method of valuation of convertible debentures is prescribed.

Non-convertible and convertible components are valued separately.

A. The non-convertible component shall be valued on the same basis as would be applicable to a non-convertible debt instrument mentioned at clause 2 above.

B. The convertible component to be valued as follows:

i) Ascertain

- The number of shares to be received after conversion.
- Whether the shares would be pari passu for dividend on conversion.
- The rate of last declared dividend.
- Whether the shares are presently traded or non-traded/thinly traded.
- Market rate of shares on the date of valuation

ii) In case the shares to be received are, on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded shares as stated at para 1.2 above.

iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded pari passu for dividend on conversion:

a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate

b) Determine the discount for non-tradability of the shares on the date of valuation.

(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)

$$\text{Value} = (a) * \text{market rate} [1 - (b)]$$

iv) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation but would not be traded pari passu for dividend on conversion:

a) Number of shares to be received on conversion, per

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convertible debenture, multiplied by the present market rate

- b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid dividend.
- c) Determine the discount for non-tradability of the shares on the date of valuation.

(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)

$$\text{Value} = (a) * \{b - [1 - (c)]\}$$

- v) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option.
 - If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and;
 - If the option rests with the investor, the higher of the two values shall be taken.

VALUATION OF RIGHTS ENTITLEMENTS - AS PER SCHEDULE VIII OF SEBI (MUTUAL FUND) REGULATIONS

When Company announces rights to the existing equity shareholders, under its Listing Agreement with Stock Exchange; it has to declare ex-right date for the purpose of trading on the Stock Exchange. Ex-right date is a date from which the underlying shares, which are traded on the Stock Exchange, will not be entitled to the rights. These rights entitlements can also be renounced in favour of a willing buyer. These renunciations are in some cases traded on the Stock Exchange. In such case these should be valued as traded equity related securities as detailed hereinabove.

Till the rights are subscribed, the entitlements as per Regulations have to be valued as under:

Valuation of non-traded rights entitlement is principally the difference between the right price and ex-right price. SEBI Regulations have explained this with the help of following formula:

$V_r = n / m \times (P_{ex} - P_{of})$ Where

- V_r = Value of Rights
- n = Number of rights offered
- m = Number of original shares held
- P_{ex} = Ex-right price
- P_{of} = Rights offer price

The following issues while valuing the rights entitlements have to be addressed:

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	<p>i) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should be valued as zero.</p> <p>ii) When rights are not treated paripassu with the existing shares such as, restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate.</p> <p>iii) Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value.</p> <p>iv) Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.</p> <p>v) In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero.</p> <p><u>VALUATION OF SHARES ON DE-MERGER</u></p> <p>On de-merger following possibilities arise which influence valuation these are:</p> <p>i. Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices.</p> <p>ii. Shares of only one company continued to be traded on de-merger: Valuation price will be worked out by using cum-price, before demerger reduced for quoted price of the listed resultant company(s).</p> <p>iii. Both the shares are not traded on de-merger: Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of de merger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated in the ratio of cost of shares.</p> <p><u>VALUATION OF SUSPENDED SECURITY</u></p> <p>In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security.</p> <p>If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non-traded and valued accordingly</p> <p>In case shares of both the companies are not traded for more than 30 days, these are to be valued as unlisted security.</p>
Thinly Traded	Valuation will be computed in accordance with the method prescribed

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	<p>under SEBI (MF) Regulations. i.e. on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to Industry PE), further discounted for illiquidity.)</p> <p>Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security</p>
Futures and Options	
Traded	On the valuation day, at the settlement price provided by the respective stock exchanges.
Non Traded	When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.

2. FIXED INCOME, SOVEREIGN AND RELATED SECURITIES

➤ **For Instruments maturing within or equal to 60 days**

• **Traded Instruments**

Fixed Income and related securities including Bill Rediscounting :

In case of multiple platforms reporting trades on the same day, the order of preference will be FIMMDA F-Trac/NSEOTC, NSE WDM, BSE WDM, Self-Trades of the AMC,

The traded yield / price reported on the platforms will be used only if the following criterion is met:

Residual Maturity	Criteria for Trades reported on Public Platform	Criteria or Self Trades of AMC
For Instruments maturing in 60 days	CD/CPs- At least 8 trades, aggregating to Rs. 400 crores or more. NCDs/Bonds - Atleast 8 trades aggregating to Rs. 200 crores or more	CDs / CPs – Atleast 1 trade of Rs. 25 crores or more NCDs / Bonds – Atleast 1 trade of Rs. 5 crore or more

For CPs/CDs/ZCBs the weighted average yield will be considered as the traded yield. In case of forward settlement dates traded yield shall be considered for valuation.

For Bonds/NCDs the weighted average price will be considered as the traded price. In case of forward settlement dates traded price shall be considered for valuation.

Sovereign Securities including Government Securities, State Government Securities, Treasury Bills and Cash Management Bills:

Residual Maturity	Criteria for Trades reported on Public Platform	Criteria or Self Trades of AMC
For Instruments maturing in 60 days	At least 4 trades aggregating to Rs. 150 crores or more.	Atleast 1 trade of Rs. 25 crore or more.

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Sovereign Securities would be valued at the weighted average traded yield/price. The order of preference will be RBI and NSE WDM. The qualifying criteria will be at the exchange/platform level.

- **Non Traded Instruments**

Fixed Income and related securities including Bill Rediscounting:

All Fixed Income and related securities which are not traded or traded but do not qualify as traded (not falling in the above criteria) will be valued as under:

Securities will be amortized from purchase price/ last traded price on straight line amortization as long as their valuation remains within $\pm 0.10\%$ band of the price derived from the reference price (computed based on CRISIL/ICRA matrices plus applicable spreads) for each bucket. The reference price shall be obtained from the Bond Valuer. The Valuation Committee would ensure that the difference between valuation price and reference price is within $\pm 0.10\%$.

Where an instrument is purchased for the first time, the credit spread for the purpose of valuation would be fixed at the time of purchase. Such spread shall be difference between the purchase yield and the benchmark yield with no cap prescribed for illiquidity discount or premium. This credit spread may be changed based on factors like primary market supply, significant trading activity in the secondary market in same or similar assets, change in the credit rating or profile of the issuer or prospect of a significant credit event etc. The detailed justification for such price adjustment shall be documented and the same will be approved by MD & CEO. The Valuation Committee shall also review it in its periodical meetings.

The existing methodology of using amortization will be continued till the availability of reference price from the Bond Valuer.

Sovereign Securities including Government Securities, State Government Securities, Treasury Bills and Cash Management Bills:

All non-traded securities will be amortised from the last valued price as long as it is within ± 10 basis points (bps) ($\pm 0.10\%$) of the reference price. In case the variance exceeds ± 10 bps of the reference price, the valuation shall be adjusted to bring it within the ± 10 bps band.

Principles of Fair Valuation will always prevail over the above methods used for valuation of security/s.

➤ **For Instruments maturing above 60 days**

Fixed Income and related securities:

All securities will be valued at the average of the scrip level prices provided by the Agency/s nominated by AMFI - currently CRISIL and ICRA.

In case of price being available from only one agency, the same will be considered for valuation.

In case of price not being available from either of the agency/s nominated by AMFI then trades available on multiple platforms on the same day will be used for valuation in the below mentioned order of preference:

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- FIMMDA F-Trac/NSEOTC
- NSE WDM
- BSE WDM
- Self Trades of the AMC

The traded yield / price reported on the platforms will be used only if the following criterion is met:

Residual Maturity	Criteria for Trades reported on Public Platform	Criteria for Self Trades of AMC
For Instruments maturing in 60 days	CD/CPs- At least 5 trades, aggregating to Rs. 250 crores or more. NCDs/Bonds - Atleast 5 trades aggregating to 100 crores or more	CDs / CPs – Rs. 200 crores or more NCDs / Bonds – Rs. 75 crores or more

For CPs/CDs/ZCBs the weighted average yield will be considered as the traded yield. In case of forward settlement dates traded yield shall be considered for valuation.

For Bonds/NCDs the weighted average price will be considered as the traded price. In case of forward settlement dates traded price shall be considered for valuation.

Where no price available for a particular security, then the previous day EOD yield will be maintained for CPs/CDs/ZCBs and previous day EOD price for Bonds/NCDs .

The Valuation Committee will on a quarterly basis review the prices provided by the agency/s.

The Fund Manager can override the security prices provided by agency/s if the same is not representing the current market level for that security by valuing the security with a markup/mark down \pm 25 bps from the day's closing SLV prices/yield irrespective of the tenor and rating.

For this purpose, a justification note will be prepared by the Fund Manager and approved by the MD & CEO or the Valuation Committee. Any such exceptions will have to be reported to the Board at its next meetings.

Sovereign Securities including Government Securities, State Government Securities, Treasury Bills and Cash Management Bills:

Sovereign securities would be valued at scrip-level price provided by CRISIL and ICRA.

Principles of Fair Valuation will always prevail over the above methods used for valuation of security/s.

3. Other types of securities

Following methodology shall be adopted for valuation of other types of securities:

- Units of Mutual Funds will be valued at the last available NAV

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- b. Exchange Traded Funds shall be valued at closing prices available on the stock exchanges (NSE / BSE)
- c. Following assets will be valued at cost plus accruals / amortization
 - Fixed Deposits
 - CBLO/ Reverse Repo
- d. Valuation of Foreign Securities & ADR/GDR:

Exchange to be considered for valuation of foreign securities and ADRs/GDRs is to be approved by the AMC Board. SEBI has not prescribed the method of valuation of foreign securities and ADR/GDR. Process of valuation to be followed by Peerless Mutual Fund would be as follows:

a) Receiving last quoted price:

If the security is listed in a time zone ahead of ours than the same day closing price on appropriate stock exchange as provided by Reuters would be used for valuation. If the security is listed in a time zone behind ours then the previous day's closing price provided by Reuters would be considered for valuation.

In case the security is not traded on the above mentioned days, price of previous day should be used provided the price is not more than 30 days old.

b) Converting the price in Indian Rupees (INR):

Since these prices are in foreign currency these are to be converted in Indian Rupees by applying the exchange rate. Reuters also provide closing conversion rate, which can be used for converting the foreign currency prices in INR. This closing price in INR should also be used for valuation of foreign securities and ADR/GDR.

In case Reuters has not provided the conversion rate, the closing price of the security should be converted to INR at RBI reference rate.

Inter Scheme Policy (IST):-

- 1) Market Price of same or similar security available on FIMMDA at the time of IST would be considered provided the security traded is in a marketable lot (which is Rs. 25 crs.)
- 2) In case of self-trade of same or similar security, the same would be used for inter-scheme pricing.
- 3) If market price as well as self-trade price is not available, previous day valuation price will be considered.

Criterion for determining similar securities:

The determination of 'similar securities' should be arrived at by considering industry, parentage, tenor and rating of the issuer.

V. TAX & LEGAL & GENERAL INFORMATION**A. Taxation on investing in mutual funds**

The information furnished below outlines briefly the key tax implications applicable to the unit holders of the Scheme and to the Mutual Fund and based on relevant provisions of the Income

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Tax Act, 1961, Wealth Tax Act, 1957 and Gift Tax Act, 1958 and the amendments made by the Finance Act, 2014 (collectively called 'the relevant provisions'). The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their explanation may change. As is the case with any investment, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

TAX IMPLICATIONS TO UNIT HOLDERS

1. Tax benefits of investing into schemes of Mutual Fund

Tax Benefits to the Mutual Fund: Peerless Mutual Fund is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from income tax in accordance with the provisions of Section 10(23D) of the Income-tax Act, 1961, (the Act). The Mutual Fund will receive all income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

An exemption has been granted under the Finance (No.2) Act, 2004 to open ended equity oriented mutual funds from paying distribution tax on income distributed without any time limit, effective from 1 April 2004.

A. TAXATION ON INVESTING IN EQUITY SCHEMES OF MUTUAL FUNDS

(i) Income-tax

Tax on Income distribution / Income distributed by the Mutual Fund / All Unit holders

Income received by unit holders in respect of the units of the Mutual Fund, is exempt from tax under Section 10(35) of the Act.

Income distribution, if any, made by the Mutual Fund to the unit holders attracts distribution tax under the provisions of section 115R of the Act. Proviso (b) to section 115R(2) of the Act provides exemption to equity oriented mutual funds from paying distribution tax on income distributed to unit holders.

The expression "equity oriented fund" has been defined under Explanation (b) to section 115T of the Act to include a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund. Further, as per the proviso to the Explanation (b) to section 115T, the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

Tax Deduction at Source All Unit holders

In view of the exemption of income in the hands of the Unit holders, no income tax is deductible at source, on income distribution by the Mutual Fund on or after April 1, 2003, under the provisions of Sections 194K and 196A and 196B of the Act.

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(ii) Tax on Capital Gains

Long-term Capital Gains

Section 10(38) of the Act grants exemption to any income arising from the transfer of a long term capital asset, being units of an equity oriented fund provided the transaction giving rise to the capital gains, attracts Securities Transaction Tax (STT) and is made on or after 1st October 2004 i.e. the date on which Chapter VII of the Finance (No. 2) Act, 2004 has come into force. For this purpose "equity oriented fund" means where the investible funds are invested by the Mutual Fund in equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund set up under a scheme of a Mutual Fund specified under Section 10(23D) of the Act.

Companies would be required to include such long term capital gains in computing the book profits and minimum alternate tax liability under section 115JB of the Act.

Short-term Capital Gains

As per Section 111A of the Act, short-term capital gains from the sale of unit of an equity oriented fund entered into in a recognised stock exchange or sale of such unit of an equity oriented fund to the mutual fund is proposed to be taxed at 15 per cent provided such transaction of sale is chargeable to securities transaction tax.

The said tax rate shall be increased by applicable surcharge (Refer Note 1). Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any.

However, in case of individuals/ HUFs, being residents, where the total taxable income excluding short-term capital gains is below the maximum amount not chargeable to tax*, then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains. Therefore only the balance short term capital gains will be liable to income tax at the proposed rate of 15 percent, plus education cess. Securities transaction tax is not deductible while computing capital gains.

Further, in case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force), income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial, to such non-resident unit holder. As per Section 90(4) of the Act, w.e.f 1 April 2013, to avail the benefit under Double Tax Avoidance Agreement (DTAA), every person not being a resident in India has to provide a certificate of him being a resident (i.e. Tax Residency Certificate (TRC)) in any country outside India or specified territory outside India, obtained by him from the Government of that country or specified territory.

Where sale / repurchase is made during the minority of the child, tax will be levied on either of the parents, whose income is greater, where the said income is not covered by the exception in the proviso to section 64(1A) of the Act. When the child attains majority, such tax liability will be on the child. Income to the extent of Rs. 1,500 per minor child is exempt under section 10(32).

Short-term capital loss suffered on sale / repurchase of units shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and

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balance unabsorbed short-term capital loss shall be carried forward for set off against capital gains in subsequent years.

Such carry forward is admissible maximum upto eight assessment years. Further, as the long term capital gains on sale of units of equity oriented fund are exempt from tax the losses from such units may not be allowed to be set off against other gains.

*Effective 1 April 2015, the maximum amounts of total income, not chargeable to tax would be as under:

Type of person	Maximum amount of income not chargeable to tax
Individuals and HUFs	Rs. 2,50,000
Individuals of the age 60 years or above but below 80 years	Rs. 3,00,000
Individuals of the age 80 years or above	Rs. 5,00,000

Foreign Institutional Investors: Long-term capital gains arising on sale/ transfer of equity oriented mutual fund units, held for a period of more than twelve months, would be exempt from income-tax.

Short-term capital gains arising on sale/ transfer of equity oriented mutual fund units would be taxed at 15 per cent.

Specified overseas financial organizations: Long-term capital gains arising on sale/ transfer of equity oriented mutual fund units, held for a period of more than twelve months, would be exempt from income-tax.

Short-term capital gains arising on sale/ transfer of equity oriented mutual fund would be taxed at 15 per cent.

Overseas financial organisation means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with any public sector bank or public financial institution or a mutual fund specified under clause (23D) of section 10 and such arrangement is approved by the Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992 (15 of 1992), for this purpose.

The following amounts would be deductible, from the full value of consideration, to arrive at the amount of capital gains:

- i. Cost of acquisition of units and shares as adjusted by Cost Inflation Index notified by the Central Government, where applicable, and
- ii. Expenditure incurred wholly and exclusively in connection with the transfer of units and shares.

Tax Deduction at Source on Capital Gains

Domestic Unit holders: No income tax is deductible at source from income by way of capital gains under the provisions of the Act.

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Foreign Institutional Investors : Under Section 196D of the Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of units referred to in Section 115AD of the Act.

Specified overseas financial organizations:

Income-tax is deductible on short-term capital gains arising on sale / repurchase of unit of equity oriented fund referred to above, at the rate of 15 per cent plus applicable surcharge . Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

Other Non-resident Unit holders :

In the case of a non-resident other than a company:

Income tax is deductible on short-term capital gains arising on sale / repurchase of units at the rate of 15 per cent for both NRI and other than NRI. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any

In the case of a foreign company: No income tax is deductible at source from income by way of long term capital gains since it is exempt u/s 10(38) of the Act.

Income tax is deductible on short-term capital gains arising on sale / repurchase of units at the rate of 15 per cent.

The Fund will deduct the above tax at the time of repurchase of units. In case of sale of units by Non-resident investors through recognized stock exchange, tax deduction will be done by the bank of the Non-resident investor.

Equity Linked Savings Schemes

Equity Linked Savings Schemes (ELSS) are schemes formulated under the Equity Linked Savings Scheme (ELSS), 2005, issued by the Central Government.

Accordingly, any investment made by an assessee in the ELSS of the Fund up to a sum of Rs. 1,50,000/- in a financial year would qualify for deduction under Section 80C of the I.T. Act.

An "assessee" as per ELSS 2005 means:—

(i) an individual; or

(ii) a Hindu undivided family; or

(iii) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made.

Clubbing of income

Subject to the provisions of section 64(1A) of the Act, taxable income accruing or arising in the case of a minor child shall be included in the income of the parent whose total income is greater or where the marriage of the parents does not subsist, in the income of

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that parent who maintains the minor child. An exemption under section 10(32) of the Act, is granted to the parent in whose hand the income is included, upto Rs.1,500/- per minor child. When the child attains majority, the tax liability will be on the child.

Securities Transaction Tax (STT)

	Nature of Transaction	Rate of STT
A.	Settled by actual delivery or transfer Purchase of units of an equity oriented fund entered in a recognized stock exchange	Purchaser to pay N
	Sale of units of an equity oriented fund entered in a recognised stock exchange	Seller to pay 0.001 percent
B.	Settled otherwise than by actual delivery or transfer Sale of units of an equity oriented fund entered in a recognised stock exchange	Seller to pay 0.025 percent
C.	Sale of units of an equity oriented fund to the mutual fund	Seller to pay 0.001 percent
D.	Sale of an option in securities	Seller to pay 0.05 percent
	Sale of option in securities, where option is exercised	Purchaser to pay 0.125 percent
	Sale of a futures in securities	Seller to pay 0.01 percent
E.	Sale of unlisted equity shares under an offer for sale to the public in an initial public offer	Seller to pay 0.2 percent
F.	Purchase and sell of equity shares or a unit of business trust on a recognized stock exchange, settled by actual delivery	0.10 percent
	Purchase and sell of equity shares or a unit of business trust on a recognized stock exchange, settled otherwise by actual delivery	0.025 percent

As per the Finance Act 2008, with effect from 1.4.2008 (FY 08-09), STT paid in respect of securities transactions entered into in the course of business will now be allowable as a business deduction, instead of being allowed as a rebate under Sec. 88E against the tax payable, if the income from such securities transactions forms part of income computed under the head "Profits and gains of Business or Profession". Consequently, the provision for disallowance of such STT under Sec. 40(a)(ib) has been deleted. Further the restriction under Sec. 88E that the amount of STT rebate should not exceed the tax on the income arising out of the securities transactions, would no longer apply.

B. TAXATION ON INVESTING IN DEBT SCHEMES OF MUTUAL FUNDS

Dividend Distribution Tax

Money Market Mutual Funds and Liquid Funds

In case of distribution of dividend by Mutual fund Schemes, Dividend distribution tax will be deducted as under:-

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Income Distributed From	Individuals/HUFs	Others
Equity Scheme	Nil	Nil
Debt/Money Market Scheme	28.84%	34.608%
Infrastructure Debt Scheme*	28.84%	34.608%

* If income is distributed to non-residents or to foreign companies, DDT will be deducted at the rate of 5.768%

The rates are inclusive of 12% surcharge and 3% cess on tax inclusive of surcharge. The expression "money market mutual fund" has been defined under Explanation (d) to Section 115T which means a scheme of mutual fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause 2 of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996.

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

(i) Income-tax

Income distributed by the Mutual Fund

All Unit holders

Income received by unit holders in respect of the units of the Mutual Fund, is exempt from tax under Section 10(35) of the Act. Exemption from income-tax under section 10(35) of the Act shall however not apply to any income arising from the transfer of these units.

Tax Deduction at Source on income distributed

All Unit holders

In view of the exemption of income in the hands of the Unit holders, no income tax is deductible at source, on income distribution by the Mutual Fund.

(ii) Tax on Capital Gains

As per the provisions of section 2(42A) of the Act, a unit of a debt-oriented Mutual Fund, held by the investor as a capital asset, is considered to be a short-term capital asset, if it is held for 36 months or less from the date of its acquisition by the unit holder. Accordingly, if the unit of a Mutual Fund is held for a period of more than 36 months, it is treated as a long-term capital asset.

Foreign Institutional Investors: Long-term capital gains arising on sale/repurchase of units, shall be taxed at the rate of 10 per cent under Section 115AD of the Act. The said tax rate shall be increased by applicable surcharge. Further, an additional surcharge of 3

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per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any. Such gains would be calculated without inflation index and currency fluctuations.

Short-term capital gains arising on sale/repurchase of units would be taxed at 30 per cent. The said tax rate shall be increased by applicable surcharge. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any.

However, in case of FII unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such FII unit holder. However, such a FII unit holder will be required to provide appropriate documents (including a Tax Residency Certificate) to the Fund, to be entitled to a beneficial rate under such agreement.

Specified overseas financial organizations: As per the provisions of section 115AB of the Act, long-term capital gains arising on sale/repurchase of units purchased in foreign currency shall be liable to tax at the rate of 10 per cent. The said tax rate shall be increased by applicable surcharge. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any. However, such gains shall be computed without the benefit of cost indexation.

Short-term capital gains arising on sale/repurchase of units would be taxed at 40 per cent in case of foreign companies. The said tax rate shall be increased by applicable surcharge. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any.

Securities Transaction Tax

Securities Transaction Tax (STT) is not applicable in the case of non equity-oriented mutual fund schemes.

The following amounts would be deductible, from the full value of consideration, to arrive at the amount of capital gains:

- i. Cost of acquisition of units and shares as adjusted by Cost Inflation Index notified by the Central Government, where applicable, and
- ii. Expenditure incurred wholly and exclusively in connection with the transfer of units and shares.

Dividend Stripping

All Unit holders : As per Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

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Bonus stripping

All Unit holders : As per section 94 (8) of the Act wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of acquisition/purchase of such bonus units as are held by it/him on the date of such sale/transfer.

Tax Deduction at Source on Capital Gains

Domestic Unit holders: No income tax is deductible at source from income by way of capital gains under the provisions of the Act and as per Circular No. 715 dated 8 August 1995 issued by the CBDT.

Foreign Institutional Investors: Under Section 196D of the Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of units referred to in Section 115AD of the Act.

Specified overseas financial organizations: As per section 196B of the Act, income tax is deductible on long-term capital gains arising on sale/ transfer of units purchased in foreign currency, at the rate of 10 per cent. The said tax rate shall be increased by applicable surcharge. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

Income tax is deductible on short-term capital gains arising on sale/ transfer of units at the rate of 40 per cent plus applicable surcharge. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

Other Non-resident Unit holders:

In the case of a non-resident other than a company: Income tax is deductible on long-term capital gains arising on sale/ transfer of units at the rate of 20 per cent.

Income tax is deductible on short-term capital gains arising on sale/ transfer of units at the rate of 30 per cent.

Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

In the case of a foreign company: Income tax is deductible on long-term capital gains arising on sale/ transfer of units at the rate of 20 per cent.

Income tax is deductible on short-term capital gains arising on sale/ transfer of units at the rate of 40 per cent.

Tax Treaty: In accordance with the provisions of Circular no.728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in case of a non resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (DTAA) which is in force, the tax should be deducted at source under section 195 of the Act at the rate provided in the Finance Act of the relevant year or the rate

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provided in the said agreement, whichever is more beneficial to such non-resident unit holder.

In order to obtain the benefit of the lower rate under the DTAA, the unit holder would be required to provide a certificate from his Assessing Officer stating his eligibility for the lower rate.

Exemptions from long-term capital gains

- (i) As per the provisions of section 54EC of the Act, long-term capital gains (other than gains on units of equity oriented mutual funds as defined under Sec. 10(38)) shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring notified bonds. However, if the said bonds are transferred within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred.

As per the provisions of Sec 54F of the Act in the case of an individual or a HUF, long-term capital gains (other than on units of equity oriented mutual funds as defined under Sec. 10(38)) arising on transfer of a long-term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then proportionate exemption is available.

Other Benefits : Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11 (5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

- (ii) **Wealth-tax: Units held under the respective** Plans are not treated as assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 and thereof would not liable to wealth-tax.

(iii) **Gift-tax:** The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of Units, purchased under the respective Plans, would therefore, be exempt from gift-tax. The tax benefits to the Mutual Fund and Unit Holders is in accordance with the prevailing tax laws.

Note:

Surcharge will be applicable as under:

Investors	Individual/HUF /Firm/Local Authority/Cooperative Society	Resident Corporate	Non resident Corporate
Income less than 1 crore	Nil	Nil	Nil
Income greater than 1 crore	12%	7%	2%
Income greater than 10 crore	2%	12%	5%

STATEMENT OF ADDITIONAL INFORMATION (SAI)**2. Treatment of Capital loss incurred on sale of units of Mutual Fund.**

- i. Losses under the head "Capital Gains" cannot be set-off against income under any other head. Further, within the head "Capital Gains", losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short-term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of a long-term capital asset or a short-term capital asset.
- ii. Unabsorbed long-term capital loss can be carried forward and set off against the long-term capital gains arising in subsequent eight assessment years.
- iii. Unabsorbed short-term capital loss can be carried forward and set off against the income under the head Capital Gains in subsequent eight assessment years

B. Legal Information**1. Nomination Facility**

- I. Pursuant to Regulation 29A of the SEBI Regulations, the AMC provides an option to the Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person(s) in whom the Units held by him shall vest in the event of his death. Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s).
- II. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.
- III. Nomination can be made only by individuals on their own behalf, either singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.
- IV. Only the following categories of Indian Residents can be nominated: (a) individuals (b) minors through parent/legal guardian (c) religious and charitable trusts and (d) Central Government, State Government, a local authority or any person designated by virtue of his office.
- V. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder.
- VI. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time.
- VII. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.
- VIII. Nomination can be made for maximum of 3 nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated against their name and such allocation / share should be in whole numbers without any decimals making a total of 100 percent. In the event of Unit holders not indicating the

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percentage of allocation / share for each of the nominees, the Mutual Fund /the AMC, by invoking default option shall settle the claim equally amongst all the nominees.

- IX. Nomination in respect of the Units stands rescinded upon the Redemption of Units.
- X. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination the nomination shall stand rescinded and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee(s).
- XI. The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment/transfer to the Nominee(s). Transfer of Units / payment to the nominee(s) of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.
- XII. The Fund, the AMC and the Trustee are entitled to be indemnified from the deceased Unit Holder's estate against any liabilities whatsoever that any of them may suffer or incur in connection with a nomination.
- XIII. Nomination will be mandatory for new folios/accounts opened by individuals especially with sole/single holding.
- XIV. Investors who do not wish to nominate must sign separately confirming their non-intention to nominate.
- XV. In case of joint holdings in a folio, all joint holders will be required to sign the request for Nomination /cancellation of nomination, even if the mode of holding is not joint. The facility to nominate will not be available in a folio held on behalf of a minor. Nomination form cannot be signed by Power of Attorney (PoA) holders.
- XVI. The facility to nominate will not be available in a folio held on behalf of a minor.
- XVII. Nomination shall be maintained at the folio or account level and shall be applicable for investments in all schemes in the folio or account.
- XVIII. Every new nomination in a folio will over write the existing nomination.

Investors may note that where the Units are transferred in favor of the nominee, the "Know Your Customer" norms, where applicable will have to be fulfilled by the nominee.

2. Prevention of Money Laundering Act Requirements (PML Requirements)

In terms of the PML Requirements, all intermediaries, including Mutual Funds, have to formulate and implement a Client Identification Process, commonly referred to as KYC Process, verify and maintain the record of identity and address (es) of investors. PFMCL recognizes the value and importance of creating a business environment that strongly discourages money launderers from using PMF.

The investor(s) / unit holder(s) including guardian(s) where investor / unit holder is a minor, must ensure that the amount invested in the Scheme is derived only through legitimate sources and does not involve and is not designed for the purpose of any contravention or evasion of the provisions of all the applicable laws, rules and regulations, directions issued by the appropriate authority (the applicable laws) in force from time to time including the Prevention of Money Laundering Act, the Income Tax Act, 1961, or the Prevention of Corruption Act, 1988, etc.

Pursuant to the above and SEBI in terms of circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/Cir-23/2011 dated December 02, 2011 and MIRSD/Cir-26/2011 dated December 23, 2011, the AMC has adopted certain policies to ensure KYC, PML and SEBI Requirements, considered appropriate for its line of business, being committed to prevent money launderers

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using PMF as a vehicle for any such illegal activity. Accordingly, PFMCL may seek information or obtain and retain documentation used to establish Customers' identity. It may re-verify identity and obtain any missing or additional information for this purpose.

PFMCL / PTMCL / AMC reserve the right to take all steps and actions, including recording investor(s) / unit holder(s) telephonic calls, and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds etc. in accordance with the applicable laws, from the investor(s) / unit holder(s), as may be required, to ensure the appropriate identification / verification / re-verification of the investor(s) / unit holder(s), the source of funds etc. under its KYC Policy.

The AMC, under powers delegated by the Trustees, shall have absolute discretion to reject any application, prevent further transactions by a Unit Holder, delay processing redemption as per applicable laws or regulations if:

- (i) after due diligence, the investor / Unit Holder / a person making the payment on behalf of the investor does not fulfill the requirements of the KYC as determined by the AMC or the AMC believes that the transaction is suspicious in nature as regards money laundering.
- (ii) the AMC determines in its sole discretion that the application does not or will not comply with any applicable laws or regulations.

In this regard the AMC reserves the right to reject any application and affect a mandatory Redemption of Units allotted at any time prior to the expiry of 30 days from the date of the allotment.

If the payment for Purchase of Units are made by a third party (e.g. a power of attorney holder, a financing agency, a relative, etc.), the investor / applicant may be required to give such details of such transaction so as to satisfy the AMC of the source and / or consideration underlying the transaction.

3. KYC Compliance

In order to reduce hardship and help investors dealing with SEBI intermediaries, SEBI issued three circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/Cir-23/2011 dated December 02, 2011 and MIRSD/Cir-26/2011 dated December 23, 2011 informing SEBI registered intermediaries as mentioned therein to follow, with effect from January 01, 2012, a uniform KYC compliance procedure for all the investors dealing with them on or after that date. SEBI also issued KYC Registration Agency ("KRA") Regulations 2011 and the guidelines in pursuance of the said Regulations and for In-Person Verification ("IPV").

4. Transfer and Transmission Facility

- I. Units of the schemes shall be non-transferable. However, if a person becomes a holder of the units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the units.
- II. In case units are held in a single name by a unit holder, units shall be transmitted in favour of the nominee, where the unit holder has appointed a nominee, upon production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.
- III. If the unit holder has not appointed a nominee, the units shall be transmitted in favour of the unit holder's executor / administrator of estate / legal heir(s), as the case may be, on

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production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

- IV. In case units are held by more than one registered unit holder, then upon death of first unit holder, units shall be transmitted in favour of the second named holder on production of a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.
- V. The rights in the units will vest in the nominee upon the death of all joint unit holders upon the nominee producing a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

Transmission Facility

- i. In case of transmission of Units, the transferee will have to comply with the applicable " Know Your Customer" Norms.
- ii. In case of transmission of Units, the claimant(s) of Units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website (www.peerlessmf.co.in) or contact any of our investor service centres for the various documents required under different transmission scenarios.

5. Duration of the Scheme and Winding Up

- I. Each closed-ended Scheme/ Plan will have a Maturity Date / Final Redemption Date and will be compulsorily and without any act by the unit holder(s) redeemed on Maturity Date / Final Redemption Date. On Maturity / Final Redemption Date of the Scheme/ Plan, the units will be redeemed at the Applicable NAV.
- II. The Mutual Fund may convert the Scheme/ Plans under the Scheme after the Maturity Date / Final Redemption Date into an open-end Scheme/ Plan and this shall be in accordance with the SEBI Regulations.
- III. The Units of close-ended Scheme/ Plan may be converted into open-ended scheme,
 - (a) If the SID of such scheme discloses the option and the period of such conversion; or
 - (b) The Unit holders are provided with an option to redeem their units in full.
- IV. A close-ended scheme shall be fully redeemed at the end of the maturity period.
- V. Provided that a close ended scheme may be allowed to be rolled over if the purpose, period and other terms of the roll over and all other material details of the scheme including the likely composition of assets immediately before the roll over, the net assets and net asset value of the scheme, are disclosed to the Unit holders and a copy of the same has been filed with SEBI.
- VI. Provided further, that such roll over will be permitted only in case of those Unit holders who express their consent in writing and the Unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holdings in full at net asset value based price.
- VII. A closed-ended Scheme/ Plan shall be wound up on the expiry of duration fixed in the Scheme/ Plan on the redemption of the Units unless it is rolled-over for a further period under sub-regulation (4) of regulation 33.
- VIII. An Open-ended / Interval Scheme has a perpetual life.
- IX. Where the Scheme is a Close - Ended Scheme with automatic conversion into Open-Ended Scheme upon Maturity, such schemes will remain close - ended for the period mentioned in the SID and subsequently the scheme will automatically be converted into

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an open-ended scheme without any further reference from the Mutual Fund/ Trustee/ AMC/ Unit holders. Thereafter, the duration of the Scheme is perpetual.

- X. However, in terms of the Regulations, an open-ended schemes may be wound up anytime, and close-ended scheme may be wound up at any time prior to the maturity date, after repaying the amount due to the unit holders under the following circumstances:
- (1) On happening of any event, which in the opinion of the Trustee, requires the Scheme concerned to be wound up, OR
 - (2) If 75% of the unit holders of the Scheme concerned pass a resolution that the Scheme be wound up, OR
 - (3) If SEBI so directs in the interests of unit holders.
 - (4) In addition to the above, an open- ended scheme may also be wound up if the scheme/investment Plan fails to fulfill the condition of a minimum of 20 Investors on an ongoing basis for each calendar quarter.

6. Procedure and Manner of Winding Up

- I. The Trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the AMC or any other person / agency to take the steps for winding up of the Scheme.
- II. Provided that a meeting shall not be necessary if the Scheme is wound up at the end of the maturity period.
- III. The Trustee or the person authorised as above, shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.
- IV. The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
- V. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
- VI. Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.
- VII. After the receipt of report referred to the above under "Procedure and Manner of Winding up" if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.
- VIII. The aforesaid provisions pertaining to "Procedure and Manner of Winding Up" shall apply in respect of each individual scheme and to the extent possible shall apply mutatis mutandis to each Investment Plan.

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7. Consolidation of Folios

In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on such criteria as may be determined by the AMC from time to time. In case of additional purchases in same scheme / fresh purchase in new scheme, if the investor fails to provide the folio number, the AMC reserves the right to allot the units in the existing folio, based on such integrity checks as may be determined by the AMC from time to time.

8. Miscellaneous

Investors may note that in case of fresh/additional purchases, if the name of the Scheme on the application form/transaction slip differs with the name on the Cheque/Demand Draft/payment instrument/transfer letter, then the AMC will allot units under the Scheme mentioned on the application form. In case of fresh/additional purchases, if the Scheme name is not mentioned on the application form/transaction slip, then the units will be allotted under the Scheme mentioned on the Cheque/Demand Draft/payment instrument/transfer letter. The Plan/Option that will be considered in such cases if not specified by the customer will be the default option of the Scheme as per the SID. However, in case additional purchase is under the same scheme as fresh purchase, then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh purchase.

9. Bank Mandate Requirement

- a) For all fresh purchase transactions made by means of a cheque, where the account on which the cheque is drawn for purchase of units differs from the bank mandate account provided in the application, a copy of blank/cancelled cheque of bank mandate account is required to be provided. This condition is also applicable to all purchase transactions made by means of a Demand Draft.
- b) For Change of Bank mandate requests a copy of cheque of new bank mandate account is required to be provided. All Change of Bank Mandate requests submitted without copy of cheque are liable to be rejected.
- c) In case the application is not accompanied by the cheque copy, the AMC reserves the right to reject the application also the AMC will not be liable in case the redemption/dividend proceeds are credited to wrong account in absence of above cheque copy.
- d) In case of Change of Bank Mandate requests along with redemptions requests, where copy of cheque as mandated above is not submitted, redemption proceeds will be issued / credited to existing bank mandate account.

10. Application with/without broker

Investors may note and follow the below-mentioned directions while applying for the units of the schemes of the Mutual Fund:

- (1) In case where the Broker code is already printed in Application form / Transaction form / Purchase request form by the AMC / Registrar / Distributor :

Where the Investor wishes to apply directly (i.e. not through existing broker / distributor), then the investor should strike off the broker code (printed) and should write "Direct Applications" or "Not Applicable (N.A.)" and countersign the same

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- (2) In case where the Broker code is not printed in Application form / Transaction form / Purchase request form :

In case of direct applications, the Investor should write in the space provided for the broker code "Direct Application" or "Not Applicable (N.A.)".

- (3) In case of change in broker, the investor will be required to strike off the old broker code and countersign near the new broker code, before submitting the application form / transaction form / purchase form to the designated ISC's/ OPA (Official points of Acceptance).
- (4) The Registrar and the AMC shall effect the application for changes in the broker code within the reasonable period of time from the time of receipt of written request from the investor at the designated ISC's / OPA. Decision of the Registrar/AMC in this regard shall be final and acceptable to all.
- (5) All Unitholders who have invested/may invest through channel distributors and intend to make their future investments through the direct route, are advised to complete the procedural formalities prescribed by AMC from time to time.

11. Consolidated Account Statement (CAS):

Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI Circular No. Cir/ IMD/ DF/16/ 2011 dated September 8, 2011, the investor whose transaction** has been accepted by the AMC/Mutual Fund **on or after October 1, 2011** shall receive the following:

- (i) On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of email and/or SMS within 5 Business Days from the date of receipt of transaction request will be sent to the Unit holders registered e-mail address and/or mobile number.
- (ii) Thereafter, a consolidated account statement (CAS)[^] for each calendar month to the Unit holder(s) in whose folio(s) transaction**(s) has/have taken place during the month on or before 10th of the succeeding month shall be sent by mail/e-mail.

[^]**Consolidated Account Statement (CAS)** shall contain details relating to all the transactions** carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month including transaction charges paid to the distributor.

****The word 'transaction' shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.**

- (iii) For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN).
- (iv) In case of a specific request received from the Unit holders, the AMC/Fund will provide the account statement to the investors within 5 Business Days from the receipt of such request.

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- (v) In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/account statement.
- (vi) The CAS shall not be received by the Unit holders for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN.

Further, the CAS detailing holding across all schemes of all mutual funds at the end of every six months (i.e. September/ March), shall be sent by mail/e-mail on or before 10th day of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period. The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical.

The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically.

CAS for investors having Demat account:

- Investors having MF investments and holding securities in Demat account shall receive a single Consolidated Account Statement (CAS) from the Depository.
- Consolidation of account statement shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding. For PANs which are common between depository and the AMC, the depository shall send the CAS. In other cases (i.e. PANs with no demat account and only MF units holding), the AMC/RTA shall continue to send the CAS to its unit holders as is being done presently in compliance with the Regulation 36(4) of the SEBI (Mutual Funds) Regulations.
- The CAS shall be generated on a monthly basis.
- If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within ten days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts then CAS with holding details shall be sent to the investor on half yearly basis.
- In case an investor has multiple accounts across two depositories, the depository with whom the account has been opened earlier will be the default depository which will consolidate details across depositories and MF investments and dispatch the CAS to the investor. However, option shall be given to the demat account holder by the default depository to choose the depository through which the investor wishes to receive the CAS.
- Where statements are presently being dispatched by email either by the Mutual Funds or by the Depositories, CAS shall be sent through email. However, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered in the Depository system.
- If an investor does not wish to receive CAS, an option shall be given to the investor to indicate negative consent.

The dispatch of CAS by the depository would constitute compliance by the AMC/ the Fund with the requirement under Regulation 36(4) of SEBI (Mutual Funds) Regulations.

The AMC reserves the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).

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12. Option to hold units in Dematerialized (Demat) Form

Pursuant to SEBI Circular no. CIR/IMD/DF/9/2011 dated May 19, 2011, Peerless Mutual Fund provides an option to the investors of the Fund to mention demat account details in the subscription form, in case they desire to hold units in the dematerialised mode. The option to subscribe to the units in the dematerialised mode is available for all the schemes of the Fund, except for subscription through Systematic Investment Plan (SIP) and for plans / options, where dividend distribution frequency is less than one month.

13. Option to hold units in Dematerialised Form for SIP Transactions

Pursuant to SEBI Circular no. CIR/IMD/DF/9/2011 dated May 19, 2011 and further to the Addendum dated 26 October 2011 offering the option to hold units in dematerialised form, Peerless Mutual Fund has extended the facility to investors of the Fund for investment made **through Systematic Investment Plan (SIP)** for all the Schemes of the Peerless Mutual Fund offering SIP, with effect from 1 January 2012.

The units will be allotted in dematerialized mode based on the applicable NAV, as per terms of the respective Schemes and credited to the investors' demat account every Monday for realization status received during the previous week (Monday to Friday). The allotment of units will be subject to the guidelines / procedures specified by the Depositories (NSDL / CDSL) from time to time.

14. Mailing of Annual Report or Abridged Summary:

Pursuant to Regulation 56 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI circular No. Cir/ IMD/ DF/16/ 2011 dated September 8, 2011, the scheme wise annual report or an abridged summary thereof hereinafter shall be sent by AMC/Mutual Fund as under:

- (i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
- (ii) in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.

The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund.

C. General Information

1. Inter-Scheme Transfer of Investments

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

- (a) Such transfers are done at the prevailing market price for quoted instruments on spot basis.
(spot basis shall have same meaning as specified by stock exchange for spot transactions).
- (b) Transfers of unquoted securities will be as per the policy laid down by the Trustee from time to time

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- (c) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

2. Associate Transactions

The Mutual Fund is registered on September 04, 2009 with SEBI and has not had any transactions with the Sponsor or any of the Sponsor's associates from the date of registration until the date of this SAI.

The AMC may however, for the purposes of providing certain services utilize the services of the Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, who is in a position to provide the requisite services to the AMC.

The scheme will invest in group companies of the sponsor or the sponsor in accordance with the provisions of the Regulations.

The AMC, on behalf of the Fund, shall conduct its business with the aforesaid companies (Including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the Regulations.

Details of brokerage / commission paid to associates / related parties / group companies of Sponsor for the past 3 financial years is given below:

Brokerage paid to associates / related parties / group companies of Sponsor / AMC:

Name of associates / related parties / group companies of Sponsor / AMC	Nature of association / nature of relation	Period covered	Value of transaction (in Rs.cr. & % of total value of transaction of fund)		Brokerage (in Rs.cr. & % of total brokerage paid by the fund)	
			Rs. Cr.	%	Rs. Cr.	%
Peerless Securities Limited	Subsidiary of Sponsor	Apr'15 – Mar'16	23.57	1.01%	0.02	3.79%
Peerless Securities Limited	Subsidiary of Sponsor	Apr'14 – Mar'15	7.99	0.00%	0.02	0.00%
Peerless Securities Limited	Subsidiary of Sponsor	Apr'13 – Mar'14	9.43	0.10%	0.02	2.20%

Commission paid to associates / related parties / group companies of Sponsor / AMC for FY 2013-14:

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Name of associates / related parties / group companies of Sponsor / AMC	Nature of association / nature of relation	Period covered	Business given (in Rs.cr. & % of total business received by the fund)		Commission paid (in Rs.cr. & % of total commission paid by the fund)	
			Rs. Cr.	%	Rs. Cr.	%
Peerless Securities Limited	Subsidiary of Sponsor	Apr'13 – Mar'14	5.30	0.01%	0.03	0.41%
The Peerless General Finance & Investment Co. Limited	Sponsor	Apr'13 – Mar'14	9.02	0.02%	0.22	3.11%
Peerless Financial Products Distribution Ltd. (formerly Peerless Developers Ltd.)	Subsidiary of Sponsor	Apr'13 – Mar'14	29.59	0.05%	0.33	4.60%
HDFC Bank Ltd.	Associate	Apr'13 – Mar'14	162.21	0.22%	0.00	0.00%

Commission paid to associates / related parties / group companies of Sponsor / AMC for FY 2014-15:

Name of associates / related parties / group companies of Sponsor / AMC	Nature of association / nature of relation	Period covered	Business given (in Rs.cr. & % of total business received by the fund)		Commission paid (in Rs.cr. & % of total commission paid by the fund)	
			Rs. Cr.	%	Rs. Cr.	%
Peerless Securities Limited	Subsidiary of Sponsor	Apr'14 – Mar'15	15.59	0.00 %	0.04	0.97%
The Peerless General Finance & Investment Co. Limited	Sponsor	Apr'14 – Mar'15	2.38	0.00 %	0.15	3.95%
Peerless Financial Products Distribution Ltd. (formerly Peerless Developers Ltd.)	Subsidiary of Sponsor	Apr'14 – Mar'15	44.19	0.00 %	0.64	16.5%
HDFC Bank Ltd.	Associate	Apr'14 – Mar'15	585.00	0.01%	0.00	0%

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Commission paid to associates / related parties / group companies of Sponsor / AMC for FY 2015-16:

Name of associates / related parties / group companies of Sponsor / AMC	Nature of association / nature of relation	Period covered	Business given (in Rs.cr. & % of total business received by the fund)		Commission paid (in Rs.cr. & % of total commission paid by the fund)	
			Rs. Cr.	%	Rs. Cr.	%
Peerless Securities Limited	Subsidiary of Sponsor	Apr'15 – Mar'16	9.53	0.06%	0.04	0.78%
The Peerless General Finance & Investment Co. Limited	Sponsor	Apr'15 – Mar'16	1.34	0.01%	0.13	2.79%
Peerless Financial Products Distribution Ltd. (formerly Peerless Developers Ltd.)	Subsidiary of Sponsor	Apr'15 – Mar'16	31.15	0.20%	0.64	13.80%
HDFC Bank Ltd.	Associate	Apr'15 – Mar'16	375.00	2.46%	0.00	0.00%

None of the Schemes of Peerless Mutual Fund has invested in group companies.

3. Stock Lending by the Mutual Fund

Subject to the SEBI Regulations as applicable from time to time, the Mutual Fund may, engage in Stock Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on the expiry of the stipulated period.

For details, investors are requested to refer to the Scheme Information Document of the respective schemes.

4. Borrowing by the Mutual Fund

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months.

5. Unclaimed Redemption and Dividend Amount

As per Circular No. MFD/CIR/9/120/2000, dated November 24, 2000, issued by SEBI, unclaimed redemption and dividend amounts shall be deployed by the Mutual Fund in money market instruments and such other instruments/securities as maybe permitted from time to time. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. Investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. After a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year. The AMC shall

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make a continuous effort to remind investors through letters to take their unclaimed amounts.

6. Suspension of the Purchase and Redemption of Units

Subject to the approval of the Boards of the AMC and of the Trustee, and subject also to necessary communication of the same to SEBI, the determination of the NAV of the Units of a Scheme, and consequently of the Purchase, Redemption and switching of Units, may be temporarily suspended in any of the conditions described below.

- a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests of the Unit Holders.
- c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, so that the value of the securities of the Scheme cannot be accurately or reliably arrived at.
- d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the Scheme.
- e) In case of natural calamities, war, strikes, riots, and bandhs.
- f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar.
- g) During the period of Book Closure.
- h) If so directed by SEBI.

In any of the above eventualities, the time limits for processing requests for subscription and Redemption of Units will not be applicable. Suspension or restriction of Redemption facility shall be made applicable only after the approval of the Board of Directors of the AMC and the Trustee. The approval from the AMC Board and the Trustee giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

7. Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 3rd Floor, Peerless Mansion, 1, Chowringhee Square, Kolkata - 700 069 during business hours on any day (excluding Saturdays, Sundays and public holidays)

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Deed of Trust and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

8. Underwriting by the Mutual Fund

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements after the Mutual Fund obtains a certificate of registration in terms of the Securities and

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Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorising it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the respective Scheme/ Plans and the underwriting obligation of the respective Scheme/ Plans shall not at any time exceed the total net asset value of the respective Scheme/ Plans.

9. Investor Grievances Redressal Mechanism

Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, Valuation, Dividends, etc by calling the investor line of the AMC at 022 61779922 –toll free no 18001038999 or email – connect@peerlessmf.co.in. The service representatives may require personal information of the investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

Any complaints should be addressed to Ms. Roshni Chorge, who has been appointed as the Investor Relations Officer and can be contacted at:

Address:

102, Centrepoint, J.B. Nagar
Andheri-Kurla Road
Andheri (East)
Mumbai - 400 059
Phone: 022 61779922 Toll free no 1800 103 8999

Investor Complaints

A. Given below is the status of complaints received during the period April 1, 2013 to March 31, 2016:

Name of Scheme	Complaints Received			Complaints Redressed			Complaints Pending		
	April 1, 2013- March 31, 2014	April 1, 2014- March 31, 2015	April 1, 2015- March 31, 2016	April 1, 2013- March 31, 2014	April 1, 2014- March 31, 2015	April 1, 2015- March 31, 2016	As at March 31, 2014	As at March 31, 2015	As at March 31, 2016
Peerless Liquid Fund	2	0	0	2	0	0	0	0	0
Peerless Ultra Short Fund	0	0	0	0	0	0	0	0	0
Peerless Short Term Fund	1	0	0	1	0	0	0	0	0
Peerless Income Plus Fund	6	0	6	6	0	6	0	0	0
Peerless 3 in 1 Fund	6	0	0	6	0	0	0	0	0
Peerless Flexible Income Fund	0	0	0	0	0	0	0	0	0
Peerless Equity Fund	3	1	6	3	1	6	0	0	0
Peerless Midcap Fund	0	0	3	0	0	3	0	0	0
Peerless Long Advantage fund	0	0	2	0	0	2	0	0	0
Others	0	0	1	0	0	1	0	0	0

B. Given below is the status of SEBI complaints received during the period April 1, 2013 to March 31, 2016:

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Period	Opening	Received	Redressed	Pending
April 1, 2013 to March 31, 2014	0	0	0	0
April 1, 2014 to March 31, 2015	0	1	1	0
April 1, 2015 to March 31, 2016	0	0	0	0

C. Given below is the status of complaints received during the period April 1, 2015 to March 31, 2016:

Name of Scheme	Complaints Received	Complaints Redressed	Complaints Pending
	April 1, 2015- March 31, 2016	April 1, 2015- March 31, 2016	April 1, 2015- March 31, 2016
Peerless Liquid Fund	0	0	0
Peerless Ultra Short Term Fund	0	0	0
Peerless Short Term Fund	0	0	0
Peerless Income Plus Fund	6	6	0
Peerless 3 in 1 Fund	0	0	0
Peerless Flexible Income Fund	0	0	0
Peerless Equity Fund	6	6	0
Peerless Midcap Fund	3	3	0
Peerless Long Term Advan fund	2	2	0
Others	1	1	0

D. Given below is the status of Investor Complaints / Queries for the period April 1, 2016 to May 31, 2016

Name of Scheme	Complaints Received	Complaints Redressed	Complaints Pending
	April 1, 2016 - May 31, 2016	April 1, 2016 - May 31, 2016	April 1, 2016 - May 31, 2016
Peerless Liquid Fund	0	0	0
Peerless Ultra Short Term Fund	0	0	0
Peerless Short Term Fund	0	0	0
Peerless Income Plus Fund	1	1	0
Peerless 3 in 1 Fund	0	0	0
Peerless Flexible Income Fund	0	0	0
Peerless Equity Fund	0	0	0
Peerless Midcap Fund	0	0	0
Peerless Long	0	0	0

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Advantage fund			
Others	0	0	0

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

**for and on behalf of the Board of Directors of
Peerless Funds Management Co. Limited**

**Sd/-
Rajiv Shastri
Managing Director & CEO**

Place: Mumbai
Date: 30 June 2016