



MOTILAL OSWAL
Asset Management

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ANNUAL REPORT 2015-16

Motilal Oswal MOST Shares M50 ETF
Motilal Oswal MOST Shares Midcap 100 ETF
Motilal Oswal MOST Shares NASDAQ-100 ETF



Motilal Oswal Asset Management Company Limited

Registered & Corporate Office: 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025
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Trustees' Report for the financial year ended March 31, 2016

Dear Unitholders,

We have pleasure in presenting the sixth annual report together with the audited financial statements of the Schemes of Motilal Oswal Mutual Fund for the year ended March 31, 2016.

BRIEF BACKGROUND OF TRUST, SPONSOR, TRUSTEE COMPANY AND ASSET MANAGEMENT COMPANY

CONSTITUTION

Motilal Oswal Mutual Fund ("the Fund or MOMF"), sponsored by Motilal Oswal Securities Ltd. ("the Sponsor") was set up as a Trust under the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Fund has been registered with Securities and Exchange Board of India ("SEBI") vide registration number MF/063/09/04 dated December 29, 2009. The Sponsor is the Settlor of the Mutual Fund Trust. The Settlor has entrusted a sum of Rs. 1,00,000/- to the Trustee Company as its initial contribution towards the corpus of the Mutual Fund. Motilal Oswal Trustee Company Ltd. ("the Trustee") is the sole Trustee of the Fund. In accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Motilal Oswal Asset Management Company Ltd. (MOAMC) has been appointed as Asset Management Company ("the Investment Manager or AMC") to the Fund pursuant to Investment Management Agreement (IMA) dated May 21, 2009.

SPONSOR

Motilal Oswal Securities Limited ("MOSL") was incorporated under the Companies Act, 1956. It is subsidiary of Motilal Oswal Financial Services Limited, which is listed on National Stock Exchange and Bombay Stock Exchange. MOSL is engaged in the business of stock broking and depository services. MOSL is a member of Bombay Stock Exchange, National Stock Exchange and is a Depository Participant with National Securities Depository Limited and Central Depository Services (India) Limited.

THE TRUSTEE

Motilal Oswal Trustee Company Limited (MOTC) is a company incorporated under the Companies Act, 1956 on November 14, 2008 and is having its registered office at 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400025. The Trustee ensures that Motilal Oswal Mutual Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the regulations, directions and guidelines issued by SEBI, the stock exchanges and other regulatory agencies, from time to time.

ASSET MANAGEMENT COMPANY

Motilal Oswal Asset Management Company Ltd. (MOAMC) is a company incorporated under the Companies Act, 1956 on November 14, 2008 and is having its registered Office at 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025. MOAMC has been appointed as the Investment Manager to Motilal Oswal Mutual Fund by the Trustee in term of Investment Management Agreement (IMA) dated May 21, 2009, executed between the Trustee and MOAMC.

INVESTMENT OBJECTIVE, PERFORMANCE REVIEW AND OPERATION OF THE SCHEMES

Performance of the Schemes

As on March 31, 2016, the Performance of the Schemes, Net Asset under Management and number of folios held in respective Scheme is summarized below:

Sr. No.	Scheme Name	Benchmark	Inception Date	Last one Year Performance		Since Inception Performance		Net Assets under Management (in Crores)	Number of folios
				Scheme (%)	Benchmark (%)	Scheme (%)	Benchmark (%)		
1.	MOST Shares M50	Nifty 50 Index	July 28, 2010	-8.37	-8.86	5.59	6.55	21.96	4277
2.	MOST Shares Midcap 100	Midcap Free Float Midcap 100 Index	January 31, 2011	-1.35	-1.91	10.61	9.65	37.16	3780
3.	MOST Shares NASDAQ 100	NASDAQ-100*	March 29, 2011	8.25	8.51	23.42	23.57	63.55	2,903
4.	MOST Focused 25	Nifty 50 Index	May 13, 2013	-9.62	-8.86	14.03	9.34	334.11	24,487
5.	MOST Ultra Short Term Bond Fund	CRISIL Short Term Bond Fund Index	September 6, 2013	6.89	8.47	7.38	8.15	143.07	4,476
6.	MOST Focused Midcap 30	Midcap Free Float Midcap 100 Index	February 24, 2014	-2.00	-1.91	36.04	27.25	1083.52	40,592
7.	MOST Focused Multicap 35	Nifty 500 Index	April 28, 2014	-2.48	-7.54	30.09	10.52	3764.11	1,00,669
8.	MOST Focused Long Term Fund	Nifty 500 Index	January 21, 2015	-0.94	-7.54	5.05	-7.71	145.27	22,327

Note: Return for one year are absolute and more than one year are compounded annualized.

Past performance may or may not be sustained in future.

*NASDAQ -100 Index Returns in INR are based on Reuter's rate.

1. Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)

MOST Shares M50 is an open ended Exchange Traded Fund that invests in securities in the same proportion of the underlying Nifty 50 Index. The investment objective of the Scheme is to seek investment return that corresponds (before fees and expenses) generally to the performance of the Nifty 50 Index (Underlying Index), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved. The Scheme was launched on July 28, 2010 (with Underlying Index of MOST 50 Basket) and is listed on the National Stock Exchange of India Ltd. since July 30, 2010.

The performance of MOST Shares M50 continues to be in line with Nifty 50 Index with low tracking error. Our strategy for MOST Shares M50 continues to be to target a low expense ratio to maintain low tracking error to retain its attractiveness to the investors seeking to have low cost access to large cap domestic exposure.

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2. Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)

MOST Shares Midcap 100 is an open ended Index Exchange Traded Fund that tracks the Nifty Free Float Midcap 100 Index. MOST Shares Midcap 100 is India's first Midcap ETF based on Nifty Free Float Midcap 100 Index. The investment objective of the Scheme is to seek investment return that corresponds (before fees and expenses) to the performance of Nifty Free Float Midcap 100 Index (Underlying Index), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved. The Scheme was launched on January 31, 2011 and is listed on the National Stock Exchange of India Ltd. since February 4, 2011.

The Scheme continues to capture the positive movement in the midcap space. The tracking error of the scheme continues to be low. The Index should continue to capture the India growth story with the ongoing timely inclusion of niche market leading companies in the Index. We will continue with the existing strategy of driving down the delivered cost of the ETF.

3. Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)

MOST Shares NASDAQ 100 is an open ended Index Exchange Traded Fund that tracks the NASDAQ-100 Index. MOST Shares NASDAQ 100 is India's first US Equities based ETF tracking the NASDAQ-100 Index. The investment objective of the Scheme is to seek investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 Index, subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved. MOST Shares NASDAQ 100 is listed on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. since March 31, 2011.

MOST Shares NASDAQ 100 continues to perform well. This is on account of the NASDAQ-100 Index comprising marquee names such as Apple, Amazon, Starbucks, Google, etc. Apple is the largest constituent of the NASDAQ-100 Index. Given the global leadership positions of these companies, it is expected that these companies will remain in the NASDAQ-100 Index over the long term.

4. Motilal Oswal MOST Focused 25 Fund (MOST Focused 25)

MOST Focused 25 is an open ended equity scheme. The investment objective of the Scheme is to achieve long term capital appreciation by investing in upto 25 companies with long term sustainable competitive advantage and growth potential. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

MOST Focused 25 comprises pre-dominantly of large cap portfolio with over 85 percent of the fund invested in top 100 listed companies by market capitalization. In line with MOAMC's investment philosophy, the Fund seeks to 'buy and hold' high quality established growth stocks selected on the basis of their dominance in respective lines of businesses. The Scheme has performed in line with the benchmark in FY 2015-2016 while significantly outperforming it by over 5% annualized since inception. As of March 2016, the portfolio comprised 21 stocks with sectors such as automobiles, banking and financial services, consumer products and technology companies forming nearly 70 percent of the exposure. Infosys (8.8%), Eicher Motors (8.5%) and HDFC Bank (8.4%) are the top 3 holdings of the Fund. The Fund would endeavour to maintain a high-conviction, low-churn portfolio with a strong focus on buying well-developed evolved but growth-oriented businesses in the future as well.

5. Motilal Oswal MOST Ultra Short Term Bond Fund (MOST Ultra Short Term Bond Fund)

MOST Ultra Short Term Bond Fund is an open ended debt scheme. The investment objective of the Scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

The Fund invests to generate returns by investing into lower credit risk instruments. As a result, the Fund invests in CBLO, CDs, AAA & AA rated PSU CPS, having Moderate to low credit risk. The performance of the Fund has been in line with expected performance of the money markets for the given risk constrain.

6. Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)

MOST Focused Midcap 30 is an open ended equity scheme. The investment objective of the Scheme is to achieve long term capital appreciation by investing in a maximum of 30 quality mid-cap companies having long-term competitive advantages and potential for growth. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

MOST Focused Midcap 30 is a pure midcap fund of MOAMC. It is basically mandated to invest in companies beyond the 100th company by market capitalization but above a minimum market cap of Rs. 600 cr. It thus seeks to buy mid-size enterprises that have achieved a certain inflection point in their business life-cycle and are on the cusp of significantly higher growth rates going forward. The Fund seeks to look at unique competitive advantages/business positioning in its investee companies. The Fund conforms to the 'Buy Right, Sit Tight' investment philosophy of MOAMC and practices low-churn. The Scheme has outperformed the benchmark in FY2016 and since inception. As of March 2016, the Fund portfolio comprised 21 stocks with banking and finance, technology, healthcare and consumer products constituting 50% of the exposure. Amara Raja Batteries (8.6%), Crisil (8.3%) and Max Financials (7.8%) being its top 3 holdings. The Fund should continue to pursue the objective of buying emerging mid-sized entities that it believes will evolve into being large cap enterprises of the future.

7. Motilal Oswal MOST Focused Multicap 35 Fund (MOST Focused Multicap 35)

MOST Focused Multicap 35 is an open ended diversified equity scheme. The investment objective of the Scheme is to achieve long term capital appreciation by primarily investing in a maximum of 35 equity & equity related instruments across sectors and market-capitalization levels. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

MOST Focused Multicap 35 follows a multi-cap strategy and has the freedom to invest across the market cap spectrum. The Fund has the flexibility to vary its exposure between large-caps and mid-caps as deemed fit by the manager based on risk-return expectations over the medium-term. The Fund also has added feature of being able to invest upto 10% of the Fund in foreign securities, thus allowing it to take advantage of international growth opportunities as well. The Fund practices a "Buy and Hold" approach with a high-conviction 22 stock portfolio. With a very low-churn rate and high focus on growth, the fund has been a consistently top performer within its peer group since inception. The Scheme has outperformed the benchmark since inception. As of March 2016, the fund has the highest exposure in sectors like Banking and Finance, Healthcare, consumer goods and automobiles. Infosys (9.3%), HDFC Bank (9.2%) and IndusInd Bank (9.1%) are its top 3 holdings. Going forward, MOST Focused Multicap 35 will look to derive maximum growth leverage out of a combination of mid-size and large-cap companies for the portfolio in addition to seeking a few interesting global investment opportunities as well.

8. Motilal Oswal MOST Focused Long Term Fund (MOST Focused Long Term)

MOST Focused Long Term is an open ended equity linked saving Scheme with a 3 year lock-in, to effectively reduce the tax liability under Section 80C of Income Tax Act, 1961. The investment objective of the Scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related instruments. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

MOST Focused Long Term provides an effective multi-cap portfolio comprising high-quality, high-growth companies that have the potential to generate significant returns over investment tenure of 3-4 years besides enabling tax-savings for investors of the Fund. The Scheme has outperformed the benchmark since inception. The Fund pursues a "Buy and Hold" philosophy on a high-conviction portfolio comprising 22 stocks as of Mar 31, 2016. Infosys (8.7%), HDFC Bank (8.8%) and IndusInd Bank (8.7%) are its top 3 holdings.

9. Motilal Oswal MOST 10 Year Gilt Fund (MOST 10 Year Gilt Fund)

During the period under review, the Board of Trustees had approved winding up of MOST 10 Year Gilt Fund and SEBI had also taken note of that vide its letter dated August 25, 2015. Further, post the approval of the unitholders at their meeting, the Scheme was wound up as on October 21, 2015 as per the regulation 39(2)(a) of SEBI (Mutual Funds) Regulations, 1996 and all the investors have been provided with the proceeds in proportion to the units held by them as per the regulation.

FUTURE OUTLOOK OF THE FUND

The Indian economy continues to steadily build on its recovery that started to take shape since the establishment of the new government. Macro-economic parameters such as benign commodity prices, low inflation and declining interest rates though largely intact, have seen some recent challenges with commodity prices having come off extremely depressed levels of 2015 and recent readings on inflation having raised some short-term concerns particularly in the area of food inflation. Meanwhile, improvement in corporate earnings and expectation of an

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above average rainfall has raised the spirits of the market. After several quarters, corporate earnings in 4QFY16 have managed double-digit growth and looks like a trend that would continue into FY17. Benefits of other structural reforms such as financial inclusion, continued increase in govt spending towards the rural economy, DBT and Aadhar supports a possible recovery in the rural markets over the next 2-3 years. We reckon that the Indian economy after a very long time will likely enter a phase wherein both, the urban and rural parts of the economy will likely display strong growth simultaneously. A favorable monsoon will further bolster the demand outlook and strengthen the proposition for overall GDP to accelerate its pace compared to the past few years. Besides, implementation of fresh reforms such as the expected closure of GST and the strong drive to address the NPA situation of the banking sector will lay an important foundation for growth beyond 2016 and 2017.

While the above will likely provide a good backdrop for equity markets in general, MOAMC remains focused on its stated approach of long-term investing based on its QGLP investment philosophy. Seeking returns by buying exceptionally good quality growth businesses through a bottom up stock selection process for an investment horizon of atleast 3-5 years will in our view be the best way to deliver sustained outperformance.

Based on our internal estimates, we reckon that at an aggregate level the investment holdings across our different fund portfolios have the ability to grow earnings significantly ahead of the market, which in turn will drive the Funds to outperform their respective broader market benchmarks.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies form part of the notes to the accounts annexed to the Balance Sheet of the Schemes in the Annual Report. The Accounting Policies are in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

UNCLAIMED DIVIDENDS & REDEMPTIONS

Following is the summary of number of Investors and corresponding amount as on March 31, 2016:

Scheme	Unclaimed Dividends		Unclaimed Redemptions	
	Amount (Rs.)	No. of Investors	Amount (Rs.)	No. of Investors
MOST Focused Midcap 30	14,088	4	30,000	1

REDRESSAL OF INVESTOR COMPLAINTS

The details of investor complaints received by the Fund during the financial year 2015-2016 are given in the **Annexure I**.

VOTING POLICY

In compliance with the SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, clarificatory email received from SEBI on June 23, 2011 and SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, MOAMC has implemented Voting Policy and Procedures for exercising their voting rights in respect of the securities held by the Schemes of the Fund. The Voting Policy is enclosed as an **Annexure II**.

Pursuant to SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, MOAMC has obtained a certification from M/s. N. M. Rajji & Co., Chartered Accountants on the voting rights exercised during the FY 2015-2016. The Auditor's Certificate is enclosed as an **Annexure III**.

During the FY 2015 - 2016, MOAMC has exercised their voting rights on behalf of the Fund in respect of the securities held by the Schemes of the Fund. The voting details for the FY 2015-2016 in the SEBI prescribed format is enclosed as an **Annexure IV**.

Unitholders can also log on to the websites www.motilaloswalmf.com and www.mostshares.com to view the Voting Policy, Voting details and Auditor's certificate with respect to voting rights exercised by MOAMC.

STATUTORY INFORMATION

The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Schemes beyond the initial contribution of Rs. 1,00,000/- made by it towards setting up of Motilal Oswal Mutual Fund.

The price and redemption value of the units and income from them can go up as well as down with the fluctuations in the market value of its underlying investments.

The Annual Report shall be disclosed on the website (www.motilaloswalmf.com and www.mostshares.com) and shall be available for inspection at the Head Office of the Fund. On written request, present and prospective unitholder/investors can obtain a copy of the Trust Deed and the Annual Report of the Schemes. Unitholders, if they so desire, may on written request, obtain a copy of the Annual Report of MOAMC.

ACKNOWLEDGEMENTS

The Trustees wish to thank the Unitholders of the Schemes for their continued investment in the Schemes and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustee also records and appreciates the satisfactory services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers during the year. The guidance and services provided by the Auditors and legal advisors as well as sincerity and dedication of the employees of MOAMC is also appreciated.

For and on behalf of the Board of Directors

Motilal Oswal Trustee Company Limited
(Trustee to Motilal Oswal Mutual Fund)

Sd/-

Motilal Oswal
Chairman

Place: Mumbai

Date: June 30, 2016

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ANNEXURE I

Redressal of Complaints received during : 2015-2016
Name of the Mutual Fund : Motilal Oswal Mutual Fund
Total Number of Folios : 194,525

Complaint code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)									
			(b) No of complaints received during the year	Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of Dividend on Units	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of Dividend	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	0	1	1	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	2	2	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	2	2	0	0	0	0	0	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	0	0	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	0	0	0	0	0	0	0	0	0	0
IV	Others **	5	18	20	3	0	0	0	0	0	0	0

including against its authorized persons/distributors/ employees. etc.

*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

** If others include a type of complaint which is more than 10% of overall complaint, provide that reason separately

Example : Complaint number from I A to III E is 1000 and Others alone is 500 and transmission linked complaints (within others) are 200 then provide Transmission as separate reason (V) along with all other parameters

ANNEXURE II VOTING POLICY

INTRODUCTION

Motilal Oswal Asset Management Company Limited (hereinafter referred to as "MOAMC") is a company incorporated under the Companies Act, 1956. MOAMC is an Investment Manager for the schemes of Motilal Oswal Mutual Fund. Motilal Oswal Mutual Fund (hereinafter referred to as "Mutual Fund") is registered with Securities Exchange & Board of India under the SEBI (Mutual Funds) Regulations, 1996 having registration no. MF/063/09/04. Mutual Fund invests in an equity component and/or equity shares of the companies/ corporations registered in India (hereinafter referred to as "Investee Company"). In connection with such investments by the Mutual Fund, MOAMC has a fiduciary responsibility to exercise voting responsibilities at the general meetings of Investee Companies through the corporate proxy voting process available to the members of such Investee Companies in the best interest of the unit holders of the Mutual Fund. In order to ensure that an active role is played in better Corporate Governance of the Listed Companies where investment of Mutual Fund Schemes is made, we have framed this Voting Policy in compliance with SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, clarificatory email received from SEBI on June 23, 2011 and SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014. This Policy shall be applicable to all equity holdings across all our equity mutual fund schemes.

Objective of Voting Policy

Broadly, the objectives of this Policy are as follows:

- To outline the role and obligations of Mutual Fund in ensuring better corporate governance of listed companies in which the funds of Schemes of Mutual Fund are invested.
- To exercise voting responsibilities at the general meetings of Investee Companies in the best interest of the unit holders of the Mutual Fund.
- To explain reporting and disclosure requirements with regards to proxy voting.

The principles and positions reflected in this policy are designed to guide us in exercising our votes with respect to the shares and not necessarily in making investment decisions. The Fund Managers of each of the schemes of the Mutual Fund base their determinations of whether their respective schemes should invest in the shares of particular company on a variety of factors at all times keeping paramount the best interests of the unit holders of such scheme, and while corporate governance may be one such factor, it may not be the most important consideration.

Policy Guidelines

MOAMC shall adhere to the following guidelines:

- This Policy will be effective for all listed companies, wherein equity schemes of Mutual Fund have invested.
- MOAMC for and on behalf of the Mutual Fund shall endeavor to vote on all ordinary/special resolutions which may affect the unit holders interests, either by postal ballot or through personal attendance by any of the authorized officials / agents.
- MOAMC may authorize any of its officials, Head-Operations, concerned Fund Manager, Compliance Officer, or any other Officers of the rank of Manager and above, who is authorised from Corporate Office/Branch Offices and / or authorised agents to attend the meeting in person and to vote as approved internally.
- MOAMC shall not give proxy to brokers, for voting on its behalf.
- The decision regarding the voting on the resolution, i.e. whether the Mutual Fund will abstain from voting or vote for or against the proposed resolution by the Investee Company/Issuer will be taken by the Fund Manager in conjunction with the recommendations of the / broad parameters approved by the Investment Committee.

The actual exercise of the proxy votes in the AGMs/EGMs of the Investee Company will cover the following matters and will be reported in the SEBI prescribed format:

A. Ordinary Business:

- a. Adopting the Annual Accounts (P&L & Balance Sheet)
- b. Declaration of Annual or Interim or Final or Special Dividend
- c. Appointment or removal or retirement of Directors
- d. Appointment or Re-appointment of Auditors

B. Special Business

Corporate governance issues are diverse and continually evolving. While it is difficult to provide an exhaustive list of such issues, the following guidelines/policies reflect what MOAMC believes to be good corporate governance measures and the stance it may generally take with respect to the below matters:

i. Corporate Governance Matters

MOAMC supports resolutions like change in registered office of the Company from one State to another State, merger and other corporate restructuring, which are in the interest of the unit holders of the Fund. MOAMC will analyze various economic and strategic factors in making the final decision on a merger, acquisition or any other corporate restructuring proposals. However, MOAMC will vote against resolutions pertaining to takeover by an acquirer, etc. which are against the interest of the unit holders. MOAMC will consider, on a case to case basis, proposals to rotate auditors, and will vote against the appointment of auditors when there is convincing evidence of accounting irregularities or negligence.

ii. Changes to Capital Structure

Changes in capitalization will generally be supported where a reasonable need for the change is demonstrated. MOAMC will review on a case to case basis, proposals by companies to change the capital structure by increasing/decreasing the authorized shares and the purpose for the same. MOAMC believes that a company's decisions pertaining to financing has a material impact on its shareholders, in particular when they involve the issuance of additional shares or the assumption of additional debt. However such changes resulting in excessive dilution of existing shareholder value will not be supported.

iii. Stock option plans and other proposals pertaining to management compensation

MOAMC would support such remuneration proposals, which are tied to achieving long-term performance and enhancing shareholder value. Stock option plans that are excessively generous or dilute other shareholders' stake value will not be supported.

iv. Social and corporate responsibility issues

In light of the increasing need for fair disclosures, a growing need for social and corporate responsibility, MOAMC's responsibility increases. MOAMC shall vote in favor of such matters which are believed to have significant socio-economic benefits.

v. Board of Directors

MOAMC believes in philosophy of having an independent board of directors as the same is key to comply with good corporate governance norms. MOAMC would support proposals pertaining to appointment of independent directors, and the key committees such as audit, IPO, CSR and remuneration committees etc. to be comprised of independent members.

vi. Related-party transactions

In view of the increasing number of incidences of related-party transactions being seen in the corporate sector today which can have large-scale implications on the future of the underlying business of the Investee company and its valuation, MOAMC will ensure its active participation in voting on such transactions to safeguard the interest of its unit holders.

vii. Any other issue that may affect the interest of the shareholders in general and interest of the Unit holder in particular.

C. Investment in group companies of MOAMC and investment in companies that have subscribed to the units of schemes of Mutual Fund:

In cases where investments are in group companies of the MOAMC or where the Investee Companies have substantial investments in the schemes of the Motilal Oswal Mutual Fund, MOAMC shall specifically review all voting proposals and take decisions with respect to voting on such proposals in the best interest of the unit holders. MOAMC may decide to abstain from such voting, if it deems fit to do so in the best interest of the unit holders or if there is a conflict of interest.

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Exception to the above

MOAMC may also decide to abstain from voting in cases of any of the above stated Special resolutions, where it has insufficient information or there is a conflict of interest or MOAMC does not receive the communication in time.

Although MOAMC will vote in accordance with the Voting Policy, but it may act differently if, the relevant facts and circumstances so warrant. Hence, MOAMC may deviate from the Voting Policy guidelines when it determines that the deviation is necessary to protect the interests of the unit holders.

Guidelines for Schemes which are Exchange Traded Funds and Index Funds

In relation to its Schemes that are exchange traded funds (ETFs) or index funds which are based on various indices, as the case may be, Mutual Fund invests in such ETFs / index based funds based on the index which is being tracked by such Scheme. These indices are developed, owned and maintained by independent index providers. The indices are maintained on a day to day basis by the index provider as per the policy laid down by the index provider and various parameters are used for inclusion and exclusion of stocks from the index. Mutual Fund obtains a license for using these indices to launch its ETFs. These Schemes then track such indices by investing in the stocks based on its weightage in such index. Mutual Fund carries rebalancing exercises based on the details of corporate actions, etc. and other relevant details received from the index providers. The Fund Manager of such ETF/Index Schemes do not play an active role in the selection the stocks for investment/disinvestment. The Fund Manager's decisions are based solely on the notice of corporate actions received from the index providers. As Mutual Fund follows a passive philosophy towards investment in its Schemes that are ETF or index funds Mutual Fund would abstain from voting on any matters with respect to companies in which such Schemes that are ETFs / index funds have investments.

Amendments/Updates, Internal Review and control

Any regulatory amendment/update etc. shall be carried out from time to time to the policy by Investment Committee. The Investment Committee will review the proxy voting required as per the voting policy and actual exercise of proxy votes.

Disclosure of Voting Policy and Records thereof

The Voting Policy shall be available on the Websites of the Mutual Fund, www.motilaloswalmf.com and www.mostshares.com.

- MOAMC shall record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal stated above
- MOAMC shall additionally publish summary of the votes cast across all its investee company and its break-up in terms of total number of votes cast in favour or against or abstained from.
- MOAMC shall make disclosure of votes cast on its website (in spreadsheet format) on a quarterly basis, within 10 working days from the end of the quarter in the format as prescribed by SEBI vide circular no. CIR/IMD/DF/05/2014 dated March 24, 2014.
- Further, on an annual basis, MOAMC shall obtain Auditor's certification on the voting reports and this auditor's certification shall be submitted to trustees and shall be disclosed in the relevant portion of the Mutual Funds' annual report & Websites of Mutual Fund.

ANNEXURE A

(i) Format for disclosure of vote cast by Mutual Funds - during an individual quarter

Details of Votes cast during the quarter ended __, of the Financial year __-__							
Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision

(ii) Format for disclosure of voting by Mutual Funds/AMCs during a financial year

Details of Votes cast during the Financial year __-__								
Quarter	Meeting Date	Company Name	Type of meetings (AGM/ EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision

(iii) Format of providing the summary of proxy votes cast by Mutual Funds/AMCs across all the investee companies

Summary of Votes cast during the F.Y. __-__					
F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained

ANNEXURE III

CERTIFICATE ON VOTING DISCLOSURES MADE BY MOTILAL OSWAL ASSET MANAGEMENT COMPANY LIMITED FOR THE FINANCIAL YEAR 2015-16

We have been requested by Motilal Oswal Asset Management Company Limited to review the voting reports disclosed by them.

In terms of SEBI Circular No. SEBI/IMD/CIR No. 18 /198647/2010 dated March 15, 2010, read with circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, we hereby certify that Motilal Oswal Mutual Fund has framed a voting policy for exercising voting rights in respect of securities held by its schemes.

We have accordingly reviewed the following voting disclosures with respect to SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014:

- Summary of the votes cast across all investee companies and its break-up in terms of total number of votes cast in favor, against or abstained from, on an annual basis.
- Disclosure on the website of the reports on votes cast during each quarter, within 10 working days from the end of the quarter & on an annual basis with specific rationale details supporting the voting decision (for, against or abstain) with respect to each vote proposal.

We hereby certify that the voting disclosures made by Motilal Oswal Asset Management Company Limited for the Financial Year 2015-16 are in conformity with the SEBI prescribed format and guidelines and are in accordance with the voting policy of Motilal Oswal Mutual Fund.

This certificate has been issued to Motilal Oswal Asset Management Company Limited for submitting the same to the Trustees and to disclose the same in the relevant section of Motilal Oswal Mutual Fund's Annual Report and website.

For **N.M. Raiji & Co.**
Chartered Accountants
Firm Regn. No.108296W

Sd/-
(Vinay D. Balse)
Partner
Membership No.:39434

Date: April 20, 2016
Place: Mumbai

Trustees' Report for the financial year ended March 31, 2016

ANNEXURE IV

Details of Votes cast during the Financial year 2015-2016

Quarter	Meeting Date	Company Name	Type of meetings (AGM/ EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision
Apr-Jun 2015	17-Apr-2015	CRISIL	AGM	M	Adoption of Accounts	For	For	In line with normal course of business
Apr-Jun 2015	17-Apr-2015	CRISIL	AGM	M	Declaration of Dividend Rs 10 (including Final Dividend Rs 6 and Special Dividend Rs 4) for year ended 31.12.2014	For	For	In line with normal course of business
Apr-Jun 2015	17-Apr-2015	CRISIL	AGM	M	Re-appointment of Mr Douglas L Peterson as Director	For	For	He is eligible for re-election and is a capable individual. Hence vote in favor.
Apr-Jun 2015	17-Apr-2015	CRISIL	AGM	M	Appointment of M/s S R Batliboi & Co LLP, Chartered Accountants as Auditors	For	For	The auditors are reputed and capable and hence vote in favor
Apr-Jun 2015	17-Apr-2015	CRISIL	AGM	M	Appointment of Mr Neeraj Sahai as Non-Executive Director, liable to retire by rotation	For	For	He is a respected corporate executive and can add value to the Board
Apr-Jun 2015	28-Apr-2015	Tata Consultancy Services	CRT	M	Amalgamation between CMC Ltd and Tata Consultancy Services Ltd and their respective shareholders.	For	For	Vote in favor, shareholder accretive merger
Apr-Jun 2015	20-May-2015	Bajaj Finance	EGM	M	"Issue of securities for an aggregate amount upto 1400 crores through Qualified Institutions Placement in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 to Qualified Institutional Buyers."	For	For	In line with growth of the business
Apr-Jun 2015	20-May-2015	Bajaj Finance	EGM	M	"Preferential issue of warrants upto 9,25,000 warrants convertible into equivalent number of equity shares to Bajaj Finserv Ltd, the promoter, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009."	For	For	In line with growth of the business
Apr-Jun 2015	20-May-2015	Bajaj Finance	EGM	M	Appointment of Mr Rajeev Jain as a Director liable to retire by rotation	For	For	The individual is competent and hence eligible for reappointment
Apr-Jun 2015	20-May-2015	Bajaj Finance	EGM	M	Appointment of Mr Rajeev Jain as Managing Director	For	For	The individual is competent and hence eligible for reappointment
Apr-Jun 2015	3-Jun-2015	Sun Pharmaceutical	CRT	M	The Scheme of Amalgamation of Sun Pharma Global Inc the Transferor Company into Sun Pharmaceutical industries Ltd the applicant Company or the Transferee Company and their respective shareholders.	For	For	Routine business decision
Apr-Jun 2015	6-Jun-2015	IndusInd Bank	PB	M	Increase in the Authorized Share Capital and Alteration of the Capital Clause of the MOA.	For	For	Normal course of business growth
Apr-Jun 2015	6-Jun-2015	IndusInd Bank	PB	M	Alteration of AOA	For	For	Normal course of business growth
Apr-Jun 2015	6-Jun-2015	IndusInd Bank	PB	M	Augmentation of Share Capital	For	For	Normal course of business growth
Apr-Jun 2015	11-Jun-2015	CRISIL	DIR	M	Approval for the appointment of Ms Ashu Suyash as a Director of the Company, liable to retire by rotation and the terms and conditions of appointment of Ms Ashu Suyash as Managing Director & Chief Executive Officer	For	For	Routine business decision
Apr-Jun 2015	11-Jun-2015	CRISIL	BB	M	Approval for the Buyback of equity shares	For	For	In line with growth of the business
Apr-Jun 2015	22-Jun-2015	MindTree	FIN	M	Adoption of Accounts	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	OTH	M	Amend the Mindtree Restricted Employee Stock Purchase plan 2012	For	For	Routine business decision

Trustees' Report for the financial year ended March 31, 2016

Quarter	Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/Against/Abstain)	Reason supporting the vote decision
Apr-Jun 2015	22-Jun-2015	MindTree	DIV	M	Confirmation of Interim Dividend and declaration of Final Dividend	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	DIR	M	Re-appointment of Mr Rostow Ravanan as Director	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	AUD	M	Appointment of M/s Deloitte, Chartered Accountants as Auditors	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	DIR	M	Alter the term of office of Prof Pankaj Chandra as an Independent Director	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	DIR	M	Alter the term of office of Mr Ramesh Ramanathan as an Independent Director	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	DIR	M	Alter the term of office of Mr Subroto Bagchi as Executive Chairman	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	DIR	M	Re-appointment of Mr Rostow Ravanan as Executive Director	For	For	Routine business decision
Apr-Jun 2015	22-Jun-2015	MindTree	OTH	M	Maintain the register of members at Mumbai	For	For	Routine business decision
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Adoption of Accounts	For	For	Regular course of business
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Issue of bonus shares in the ratio of 1:1	For	For	Investor friendly measure
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Alteration of AOA	For	For	In line with normal course of business
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Re-appointment of Dr Shankar Acharya as Director	For	For	He is eligible for re-appointment and is a capable individual. Hence vote in favor.
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Declaration of Dividend	For	For	Investor friendly measure
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	"Appointment of M/s S R Batliboi & Co, LLP as Auditors"	For	For	He is a respected corporate executive and can add value to the Board
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	"Appointment of Mr Mark Edwin Newman, as Director"	For	For	He is a respected corporate executive and can add value to the Board
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Re-appointment of Dr Shankar Acharya as Chairman and approval of payment of remuneration	For	For	He is eligible for re-appointment and is a capable individual. Hence vote in favor.
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	"Borrow in excess of the paid up capital and free reserves but not exceeding Rs 50,000 Crore"	For	For	In line with normal course of business and growth purposes
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Increase in of Authorised Share Capital of the Bank Rs 15 Crore	For	For	In line with merger requirements
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Substitution of clause V of the MOA	For	For	In line with merger requirements
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Adopt the 'Kotak Mahindra Equity Option Scheme 2015' and authorise the Board to create, issue, offer and allot equity shares, from time to time, to employees of the Bank.	For	For	In line with corporate objective to incentivise employees
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Adopt the 'Kotak Mahindra Equity Option Scheme 2015' and authorise the Board to create, issue, offer and allot equity shares, from time to time, to employees of the subsidiaries or associate companies of the Bank.	For	For	In line with corporate objective to incentivise employees
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Adopt the 'Kotak Mahindra Stock Appreciation Rights Scheme 2015' and authorise the Board to grant Stock Appreciation Rights (SARs) to be paid as cash incentive in the form of Appreciation, to employees of the Bank.	For	For	In line with corporate objective to incentivise employees

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Quarter	Meeting Date	Company Name	Type of meetings (AGM/ EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision
Apr-Jun 2015	29-Jun-2015	Kotak Mahindra Bank	AGM	M	Adopt the 'Kotak Mahindra Stock Appreciation Rights Scheme 2015' and authorise the Board to grant Stock Appreciation Rights (SARs) to be paid as cash incentive in the form of Appreciation, to employees of the subsidiaries or associate companies of the Bank	For	For	In line with corporate objective to incentivise employees
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Adoption of Accounts	For	For	In line with normal course of business and growth purposes
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Confirmation of Interim Dividend on Equity Shares and declaration of Final Dividend on Equity Shares	For	For	Investor friendly measure, cos financials support it
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Re-appointment of Mr Cyrus Mistry as Director	For	For	He is eligible for re-election and is a capable individual. Hence vote in favor.
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	"Appointment of Deloitte Haskins & Sells LLP, Chartered Accountants as Auditors"	For	For	He is a respected corporate executive and can add value to the Board
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Re-appointment of Mr N Chandrasekaran as Chief Executive Officer & Managing Director	For	For	He is eligible for re-election and is a capable individual. Hence vote in favor.
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Appointment of Ms Aarthi Subramanian as Additional Director	For	For	She is a respected corporate executive and can add value to the Board
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Appointment of Ms Aarthi Subramanian as Executive Director	For	For	She is a respected corporate executive and can add value to the Board
Apr-Jun 2015	30-Jun-2015	Tata Consultancy Services	AGM	M	Appointment of Branch Auditors	For	For	In line with normal course of business
Jul-Sep 2015	2-Jul-2015	State Bank of India	AGM	M	Adoption of Accounts	For	Abstain	Instruction in Favour was received by Citibank post cut-off time and hence the instruction had to be abstained
Jul-Sep 2015	4-Jul-2015	Max India	CRT	M	"Scheme of Arrangement in the nature of demerger between Max India Ltd, Taurus Ventures Ltd and Caprocorn Ventures Ltd"	For	For	Supports overall business strategy
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	Adoption of Accounts	For	For	Regular course of business
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	Declaration of Dividend	For	For	Investor friendly measure
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	Re-appointment of Mr Rajesh M Agrawal as Director	For	For	He is eligible for re-appointment and is a capable individual. Hence vote in favor.
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	"Appointment of M/s Kapoor & Parekh Associates, Chartered Accountants as the Auditors"	For	For	The auditors have a recognised track record
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	Re-appointment of Mr Madhusudan B Agrawal as Vice Chairman for a period of five years	For	For	He is eligible for re-appointment and is a capable individual. Hence vote in favor.
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	Adoption of new set of AOA	For	For	Regular course of business
Jul-Sep 2015	4-Jul-2015	Ajanta Pharma	AGM	M	Ratification of remuneration to M/s Sevekari Khare & Associates for the cost audit.	For	For	In line with industry standards
Jul-Sep 2015	22-Jul-2015	Bajaj Finance	AGM	M	Adoption of Accounts	For	For	In line, hence vote in favor
Jul-Sep 2015	22-Jul-2015	Bajaj Finance	AGM	M	Declaration of Dividend	For	For	Investor friendly practice
Jul-Sep 2015	22-Jul-2015	Bajaj Finance	AGM	M	Re-appointment of Mr Rajiv Bajaj as Director	For	For	Eligible hence vote in favor