

STATEMENT OF ADDITIONAL INFORMATION (SAI)

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

The SAI is dated June 28, 2010.

INFORMATION ABOUT THE SPONSOR, AMC AND TRUSTEE COMPANIES

A. CONSTITUTION OF THE MUTUAL FUND

Baroda Pioneer Mutual Fund, formerly known as BOB Mutual Fund, has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) on 30th October 1992. The trust deed has been registered under the Indian Registration Act, 1908. The Mutual Fund is registered with SEBI under Registration No. MF/018/94/2, dated November 24, 1994.

BOB Mutual Fund was established by Bank of Baroda by the execution of a Trust Deed dated October 30, 1992. Pioneer Global Asset Management SpA acquired 51% stake in BOB Asset Management Company Limited in 2008 and became co-sponsor for BOB Mutual Fund. The name of BOB Mutual Fund was then changed to Baroda Pioneer Mutual Fund, for which SEBI approval was received vide their letter IMD/RB/134922/08 dated August 12, 2008.

B. Sponsors

Baroda Pioneer Mutual Fund ("the Fund"), then known as BOB Mutual Fund, was set up as a Trust sponsored by Bank of Baroda. The sponsor is the settlor of the Mutual Fund Trust. Following its acquisition of 51% of BOB Asset Management Company Limited, Pioneer Global Asset Management SpA is a co-sponsor of the Fund.

Pioneer Global Asset Management S.p.A

Pioneer Investments is a global investment management group (the "Group") with €175.8 billion of total assets under management as at end of December 2009. Pioneer provides a wide range of investment solutions including mutual funds and structured products to clients that include institutions, corporations, intermediaries and private investors around the world. With offices in 31 countries, the Group employs over 2,100 people.

The Group has over 80 years experience in traditional investments, providing appropriate investment strategies to their clients and partners. Their flagship mutual fund, Pioneer Fund, is the third oldest mutual fund in the US and exemplifies Pioneer Investments' history of consistently managing money and helping investors pursue their financial goals. From their global investment centres in Dublin, Boston and Singapore, they apply their bottom up investment process supported by their own internal fundamental and quantitative research capabilities. Pioneer believe that the route to adding value is experienced portfolio managers working in concert with dedicated career analysts generating proprietary research; the addition of a strong quantitative discipline provides screening and risk management strengthens our process. Pioneer Investments is a trading name of the Pioneer Global Asset Management S.p.A. group of companies ("PGAM"). PGAM is a wholly owned subsidiary of UniCredit S.p.A.

Pioneer Investments operates in markets through its trademark, "Pioneer Investments".

The financial performance of Pioneer Investments during the last 3 years is as under

Particulars	(Rupees in Crore as at end December)		
	2007	2008	2009
Total Income	2552.54	2929.36	1815.79
Profit After Tax	2492.54	2423.85	1553.80
Reserves & Surplus	4013.65	5903.07	15329.46
Net worth	10860.63	14208.18	7412.48
Assets Under Management (if applicable)	N.A	N.A.	N.A

Bank of Baroda

Bank of Baroda, a Body Corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and having its Head office at Mandvi, Baroda and Central Office at Baroda Corporate Centre, C-26, G-Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051, is the co- sponsor of Baroda Pioneer Mutual Fund. The Sponsor has contributed a sum of Rs. 10 Lacs towards the establishment of Baroda Pioneer Mutual Fund. The Sponsor is not responsible or liable for any loss resulting from the operation of the Schemes beyond the initial contribution of the said sum of Rupees Ten Lacs made by it towards setting up Baroda Pioneer Mutual Fund.

Bank of Baroda was established in July 1908 by the visionary Maharaja - Sir Sayajirao Gaikwad III. During the period since inception, it has maintained its practice of sound value based banking to emerge as one of the premier public sector banks of the country today. It has a track record of uninterrupted profits since its inception in 1908. The financial strength of the Bank and its long tradition of efficient customer service are drawn substantially from the extensive reach of its 3148 strong branch network as on 31.03.2010 covering almost every State and Union Territory in the Country. The Bank is also one of the few Indian Banks with a formidable presence overseas with 48 branches. To diversify its business activities and to perform specialised functions, the Bank has the following subsidiaries in India:

Name of the Subsidiary	Principal Business
BOB Capital Markets Ltd.	Merchant Banking & Primary Dealership in Govt. Securities
BOB Cards Ltd.	Credit Card Operations
Nainital Bank Limited	Banking
India First Life Insurance Company Ltd.	Insurance

The financial performance of Bank of Baroda during the last 3 years is as under:

Particulars	(Rupees in Crore)		
	2007-2008	2008-2009	2009-2010
Total Income	13864	17849	19505
Profit After Tax	1435	2227	3058
Reserves & Surplus	10678	12514	14741
Net worth (equity capital plus free reserve)	9526	11386	11386
Assets Under Management (if applicable)	N.A	N.A	N.A

C. The Trustee: Baroda Pioneer Mutual Fund

The Board of Trustees shall discharge its obligation as Trustee of Baroda Pioneer Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

The registered address of Baroda Pioneer Mutual Fund is 501, Titanium, 5th Floor, Western Express Highway, Goregaon (E), Mumbai – 400063.

Board of Trustees

The Board of Trustees shall discharge its obligation as Trustee of Baroda Pioneer Mutual Fund.

BOARD OF TRUSTEES

Name	Age	Qualification	Brief Experience
Shri R. L. Baxi Chairman and Independent Trustee	72	B.Com, LLB, F.C.I.I (London), F.F.I.I.	Mr. R L Baxi has more than 47 years of experience in the general insurance industry, investments, accounts and general administration. He worked as a General Manager in Indian Mercantile Insurance Co. Ltd, GIC, National Insurance Company and The New India Assurance Co. Ltd. He also worked as Director &

			General Manager with The New India Assurance Co. Ltd. Mr. Baxi is a director in various companies.
Shri Shrinivas K Suvarna Independent Trustee	67	B. Com, LLB, CAIIB	Mr. Shrinivas K Suvarna has over 35 years of experience in Banking, Finance, Accounts, General Administration and consultancy. He retired from Bank of Baroda as a Deputy General Manager.
Shri. V. H. Bhatia Independent Trustee	71	B. Com, ACA	Mr. V H Bhatia has more than 40 years of experience in Banking, Finance, Accounts and General Administration. He retired from Bank of Baroda as a General Manager.
Shri A.D.M.Chavali Associate Trustee	57	M.Com, FCA, CAIIB	Mr A.D.M.Chavali is the General Manager of Bank of Baroda. Mr. Chavali was the Ex-Managing Director of BOB Asset Management Co. Ltd. (now Baroda Pioneer Asset Management Co. Ltd.) He served on various positions in Bank of Baroda, with more than 30 years of experience in Banking, Finance and General Administration.

(ii) Supervisory role of the Trustees

The Board of Trustees monitors the activities of the AMC. From time to time it seeks information from the AMC in the form of Performance Reports, Compliance Reports, etc. On a quarterly basis, a review report is prepared by the AMC and the same is placed at meetings of the Board of Trustees. Specific approval of the Trustees is also obtained on various important matters. The Audit Committee, comprising three trustees from the board of the Trustee, with an Independent Trustee Chairing the Committee, has been constituted pursuant to SEBI circular MFD/CIR/010/024/ 2000 dated January 17, 2000 to, inter alia, review internal audit systems and reports from internal and concurrent auditors. During the year 2009-10, seven meetings of Board of Trustees were held.

Rights, Duties and Responsibilities of the Trustees

As per the Trust Deed and the SEBI (Mutual Funds) Regulations, 1996, the Trustees have several rights, duties and responsibilities including the following:

1. To enter into an investment management agreement with the AMC with the prior approval of SEBI.
2. To ensure that the investment management agreement contains such clauses as per mentioned in the Fourth Schedule of SEBI Regulation and such other clause as are necessary for the purpose of making investment.
3. The Trustees shall have a right to obtain from the asset management company such information as is considered necessary by the trustees.
4. To ensure before launch of any Schemes that the AMC has: -
 - i. Systems in place for the back office, dealing room and accounting;
 - ii. Appointed all key personnel including Fund Manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualification, past experience in the securities market with the trustees, within 15 days of their appointment;
 - iii. Appointed auditors to audit its accounts;
 - iv. Appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulation, notification, guidelines instruction, etc., Issued by the Board or the Central Government and for redressal of investor's grievances;
 - v. Appointed the registrar and laid down parameters for their supervision.
 - vi. Prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - vii. Specified norms for empanelment of broker and marketing agents.
5. To ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transaction with the brokers and avoiding undue concentration of business with any broker.
6. To ensure that the AMC has not given any undue and unfair advantage to any associate or dealt with any of the associate of the asset management company in any manner detrimental to the interest of the unit- holders.
7. The Trustees shall ensure that the transactions entered into by the asset management company are in accordance with these regulation and the Schemes.
8. To ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interests of one scheme are nor being compromised with those of any other schemes or of other activities of the asset management company.
9. To ensure that all the activities of the AMC are in accordance with the provision of SEBI (Mutual Fund) Regulations, 1996.

10. Where the trustees have reason to believe that the conduct of the business of the mutual fund is not in accordance with the SEBI Regulations and the schemes they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
11. To file the details of his/her transaction of dealing in securities with the Fund on a quarterly basis.
12. To be accountable for, and be the custodian of, the funds and the property of the respective scheme and to hold the same in trust or the benefit of the unit holders in accordance with the SEBI regulation and the provision of the trust deed.
13. To take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
14. To 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 holder of the units of any schemes in accordance with SEBI (Mutual Fund) Regulations and the trust deed.
15. To obtain consent of the unit holders:
 - i. Whenever required to do so by the board in the interest of the unit holders or;
 - ii. Whenever required to do so on the requisition made by three fourth of the unit holders of any Schemes;
 - iii. When the majority of the trustees decide to wind up or prematurely redeem the units;
16. To call for details of transaction in securities by the Key personnel of the AMC in his own name or on behalf of the AMC and shall report to the SEBI, as and when required.
17. To quarterly review all transaction carried out between the mutual fund, Asset Management Company and its associates.
18. To Quarterly review the net worth of the AMC and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub- regulation (1) of regulation 21 of SEBI (Mutual Fund) Regulations, 1996.
19. To 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.
20. To ensure that there is no conflict of interest between the manner of deployment of its net worth by AMC and the interest of unit holders.
21. To periodically review the investor complaints received and the redressal of the same by the AMC.
22. To abide by the code of conduct as specified in the fifth schedule of SEBI (Mutual Fund) Regulations, 1996.
23. To furnish to SEBI on a half yearly basis:-
 - i. a report on the activity of the mutual fund
 - ii. a certificate stating that the trustees have satisfied themselves that there have been no instance of self dealing or front running by any of the trustees, directors and key personnel of the AMC;
 - iii. 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 of SEBI Regulation have been undertaken by the AMC and has taken adequate steps to ensure that that the interest of the unit holders are protected.
24. The independent trustee referred to in regulation 16 shall give their comments on the report received from the AMC regarding the investments made by the schemes in the securities of group companies of the sponsor.
25. The trustees shall ensure that no change in the fundamental attribute of any scheme or the trust or fees and expenses payable or any change which would modify the schemes 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 to exit at the prevailing Net Asset Value without any Exit load in accordance with the terms of this offer document.

Explanation: For the purpose of this clause “fundamental attributes” means the investment objectives and term of the schemes as defined later in the offer Document under the section “Investment objectives and Policies”

26. To maintain arms’ length relationship with other companies, or institution or financial intermediaries or any body corporate with which he may be associated.
27. To ensure that no Trustee shall participate in the meetings of the board of Trustee or Trustee Company when any decisions for investments in which he may be interested are taken.
28. To furnish to the board of Trustee or trustee company particulars of interest which he may have in any other company, or institution or financial intermediary or any corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.
29. To appoint a custodian and shall be responsible for the supervision of its activities in relation to the mutual fund and shall enter into a custodian agreement with the custodian for this purpose.
30. To ensure that the removal of trustees in all case would require the prior approval of SEBI.
31. To ensure that the Trustee may dismiss the AMC under the specific events only with the approval of SEBI and in accordance with the SEBI Regulations.
32. To forbid the acquisition of any asset out of the trust property which involves the assumption of any liability which is unlimited and shall not result in encumbrance of the trust property in any way.

33. To provide or cause to provide information to unitholders and SEBI as may be specified by SEBI.

As per sub-regulation (25) of the SEBI Regulations, the trustees shall exercise due diligence as under:

A. General Due Diligence

- i. The Trustees shall be discerning in the appointment of directors on the Board of Asset Management Company.
- ii. Trustees shall review the desirability of continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float the new schemes.
- iii. The trustees 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 services providers are holding appropriate registration from the board of concerned regulatory authority.
- v. The trustees shall arrange for test checks of service contracts.
- vi. Trustees shall immediately report to Board of any special development in the mutual fund.

B. Specific Due Diligence

The Trustees shall:

- i. Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees
- ii. Obtain compliance certificates at regular intervals from the asset management company.
- iii. Hold meeting of trustees at frequent intervals.
- iv. Consider the reports of the independent auditors and compliance reports of Asset Management Company at the meetings of trustees for appropriate action.
- v. Maintain records of the decision of the trustees at their meetings and of the minutes of the meetings.
- vi. Prescribe the adhere to a code of ethics by the trustees, Asset management company and its personnel.
- vii. Communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies.

Notwithstanding the aforesaid, the trustee shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

34. The Independent Directors of the trustees or the asset management company shall pay specific attention to the following, as may be applicable, namely:-
- i. The Investment Management Agreement and the compensation paid under the agreement;
 - ii. Service contracts with affiliates – whether the asset management company has charged higher fees than outside contracts for the same services;
 - iii. Selection of the assets management company's independent directors;
 - iv. Securities transaction involving affiliates to the extent such transaction are permitted;
 - v. Selecting and nominating individuals to fill independent directors vacancies;
 - vi. Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions;
 - vii. The reasonableness of fees paid to sponsor, asset management company and any other for service provided;
 - viii. Principal underwriting contracts and their renewals;
 - ix. Any service contracts with the associates of the asset management company.

Modification of Trust Deed

No amendment of trust deed will be carried out without the prior approval of the SEBI, and the unit holders' approval will be obtained, where it affects the interest of unit holders.

D. Asset Management Company

Baroda Pioneer Asset Management Company Ltd. (BPAMC) has been acting as the Investment Manager for Baroda Pioneer Mutual Fund and continues to do so. Further details about Baroda Pioneer Asset Management Company Ltd. are as follows:

About Baroda Pioneer Asset Management Company Ltd.

Baroda Pioneer Asset Management Company Limited, formerly known as BOB Asset Management Company Ltd, was incorporated under the provisions of the Companies Act, 1956 on 5th November 1992. The company was a wholly owned subsidiary of Bank of Baroda. On 27th June 2008, Pioneer Global Asset Management SpA, Italy

acquired a 51% shareholding in BOB Asset Management Company Limited, Subsequently, the name of the AMC was changed to Baroda Pioneer Asset Management Company Limited and a fresh Certificate of Incorporation issued by the Registrar of Companies on 8th July 2008. As per the SEBI (Mutual Funds) Regulations, 1996, at least 50% of the Board of Directors comprises independent members and the remaining are nominated for appointment by the Sponsors of the AMC.

The registered officer of Baroda pioneer Asset Management Company Limited is 501, Titanium, 5th Floor, Western Express Highway, Goregaon (E), Mumbai- 400063.

The present shareholding pattern of Baroda Pioneer AMC is as follows:

Name of Shareholders	% Holding
Pioneer Global Asset Management SpA	51%
Bank of Baroda	49%

Baroda Pioneer Asset Management Company Limited (earlier known as BOB Asset Management Co. Ltd.) has been appointed as the Asset Management Company by the Board of Trustees of Baroda Pioneer Mutual Fund (formerly known as BOB Mutual Fund) vide Investment Management Agreement (IMA) dated 24th November 1992.

The AMC manages the schemes of the Fund, in accordance with the provisions of the Investment Management Agreement, the Trust Deed, the Regulations and the objectives of each of the schemes.

(i) Details of AMC Directors:

Name	Age/Qualification	Brief Experience
Dr. Anil K Khandelwal Chairman Associate Director	62/B.Sc (Chemical Eng), MBA, LLB, PHD	Dr. Anil K Khandelwal is Ex-Chairman & Managing Director, Bank of Baroda. A chemical engineer with an MBA and a degree in Law, he also holds a Doctoral Degree in Management. He is a Fellow of the Indian Institute of Banking & Finance.
Mr. M D Mallya Associate Director	58/ BE, Post Graduate Diploma in Management	Mr. M. D. Mallya is the Chairman and Managing Director of Bank of Baroda. Prior to joining the Bank, he was the Chairman & Managing Director of Bank of Maharashtra. Mr. Mallya passed cleared his Bachelor of Engineering with Distinction from Karnataka Regional Engineering College, Suratkal. Subsequently, he completed a post-graduation Diploma in Management from the Indian Institute of Sciences, Bangalore, with Distinction. In a career spanning over 31 years, he has acquired a rich experience in banking at various positions and assignments.
Mr. Angus William Stening Associate Director	45/Diploma in Business Accounting, Sydney Institute of Technology	Mr Angus Stening has been the CEO, Asia & Emerging Markets, at Pioneer Investments since early 2007, and prior to that, was Head of Central & Eastern Europe (2004-07) and Executive Vice President – Operations & IT. Before joining Pioneer Investments, Mr Stening was with DB Global Institutional Services (1999) and BT Funds Management (1998-99). He is also a director of various companies of the Pioneer Group.
Mrs. Minal Bhagat Associate Director	59/ M.A., CAIIB	Mrs. Minal Bhagat is a General Manager (IBO & SUBs) of Bank of Baroda, responsible for monitoring performance of the Bank's domestic subsidiaries, associate banks, joint ventures and Inter Branch Operations. Earlier she served in various positions in Bank of Baroda.
Prof B B Bhattacharya Independent Director	65/M.A.(Economics), Ph.D (Economics)	Professor B. B. Bhattacharya is currently the Vice-Chancellor of Jawaharlal Nehru University. Prior to that, he was Director (2001-2005) and Professor (1981 onwards) at the Institute of Economic Growth, Delhi. He received his M.A. in Economics from the University of Allahabad in 1966 with first position in the order of Merit and obtained his Ph.D. in Economics from the Delhi School of Economics, University of Delhi, in 1971.
Dr. P. N. Khandwalla Independent Director	70/B.Com, MBA, MSIA, PhD, CA	Professor Khandwalla taught at McGill University, Canada, for several years before returning to India in 1975. Since then he was a professor at the Indian Institute of Management, Ahmedabad, until his retirement in 2002. He was L&T Chair Professor of Organizational Behaviour at IIMA from 1985 to 1991 and the Director of IIMA up to 1996. Dr Pradip N.

		Khandwalla was educated at Bombay University (B.Com), Wharton School, University of Pennsylvania (MBA), and Carnegie-Mellon University (Ph.D). He is also a member of the Institute of Chartered Accountants of India and a director in various companies
Mr. G. P. Gupta Independent Director	69/M.Com, Delhi University	Mr. G P Gupta is Ex-Chairman & Managing Director, Industrial Development Bank of India (July 1998 - January 2001). Mr Gupta was also Chairman, Unit Trust of India (January 1997 - June 1998) and has served in various roles, ending as Executive Director at Industrial Development Bank of India (1969 - 1996). He is also a director in various companies.
Mr. Shiv Dayal Independent Director	46/Masters from London Business School	Mr. Shiv Dayal is a founder and the Managing Director of Langham Capital, and is responsible for managing all aspects of the firm's activities, including origination and executing transactions, client relationship management and financial management. He is also the Chairman of F1F9 (India) Private Ltd. Immediately prior to founding Langham Capital, Mr Dayal managed two technology ventures in Europe, worked in the Mergers & Acquisitions groups at JPMorgan and Dresdner Kleinwort Benson in London and New York. Mr. Shiv Dayal has a Bachelors degree in Economics from the University of Sussex, a Masters degree in Development Economics from the University of East Anglia and an MBA from London Business School. He is also a director in various companies.
Mr. Rohit Arora Independent Director	51/B.Com (Hons), Chartered Accountant	Rohit Arora is a founder and the Chairman of Emr Technology Ventures (p) Ltd. Mr. Arora has over two decades of experience in business process outsourcing, investment banking and management consulting. Mr. Arora is also the founder director of AR Credit, a transaction processing company focused on the domestic BPO market. He was earlier the Managing Director of AIA Capital India Pvt. Ltd, the Investment Banking arm of AIG - American International Group. Mr. Arora is a fellow member of the Institute of Chartered Accountants of India. He is also a director of various companies.

(ii) Duties and Obligation of the Asset Management Company

Duties and obligation of the AMC as specified in the SEBI Mutual Fund Regulations are as under:

1. The asset management company 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 these regulations and the trust deed.
2. The asset management company 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 asset management company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company.
4. The asset management company shall submit to the trustees, quarterly reports on its activities and the compliance with the Regulations.
5. The trustees at the request of the asset management company may terminate the assignment of the asset management company at any time:

Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company.
6. Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omissions, while holding such position or office.
7. The Chief Executive Officer (whatever his designation may be) of the asset management company shall ensure that the mutual fund complies with all the provisions of the 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.

Explanation: For the purpose of this sub-regulation, the words 'these regulations' shall mean and include the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

8. The fund manager (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the schemes and in the interest of the unit holders.
9. a. An asset management company shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes.

Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund.

Provided further that the aforesaid limit of 5% shall apply for a block of any three months.

b. An asset management company shall not purchase or sell securities through any broker [other than a broker referred to in clause (a) of sub-regulation (7)] which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis.

Provided that the aforesaid limit shall apply for a block of three months.

10. An asset management company 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:

Provided that an asset management company 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 funds shall disclose at the time of declaring half-yearly and yearly results;

- a) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies,
- b) Devolvement, if any,
- c) Subscription by the schemes in the issues lead managed by associate companies
- d) 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 asset management company shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the Board, as and when required by the Board.
12. In case the asset management company enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees 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 same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company 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 asset management company 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; and
 - (b) Any change in the interests of directors every six months.
 - (c) A quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the asset management company as the case may be, by the mutual fund during the said quarter.
15. Each director of the Asset Management Company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with the guidelines issued by the Board.

16. The asset management company 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 asset management company shall appoint registrars and share transfer agents who are registered with the Board.

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 schemes and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

18. The asset management company shall abide by the Code of Conduct as specified in the Fifth Schedule.

Further the Asset Management Company shall ensure the following

- a) Not to acquire any of the assets out of the Schemes' property which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Schemes' property in any way.
- b) Not to take up any activity in contravention of the SEBI Regulations.
- c) To ensure that no loss or damage or expenses incurred by the AMC or officers of AMC or any person delegated by the AMC, shall be met out of the trust property.

Key Personnel of the Investment Manager

Name & designation	Age / Qualification	Brief Experience
Rajan Krishnan Chief Executive Officer	49/ B.A (H) , PGDBM from XLRI Jamshedpur	Mr. Rajan Krishnan is a B.A (Hons), PGDBM from XLRI, Jamshedpur, with over 23 years of experience in marketing, of which 14 years are in the mutual fund industry. Mr Krishnan is the Chief Executive Officer of Baroda Pioneer Asset management Co. Ltd. since 8 th July 2008. Prior to his appointment, he was the Business Head (Asset Management) – Principal PNB Asset Management Company Pvt. Ltd. from June 2003 to March 2008, Vice President (Sales and Marketing) - Zurich Asset Management Company Pvt. Ltd. between Dec 1999 and June 2003 and Vice President (Sales) – Kothari Pioneer Asset Management Company Limited from September 1994 to December 1999.
Sudakar Sundararajan Chief Operating Officer	44/B. Sc. , ACA	Mr. Sudakar Sundararajan is a Chartered Accountant by training. He comes with a work experience of 18 years, of which 13 years have been with the mutual fund industry. His assignments have been with SBI AMC, Zurich AMC and HSBC AMC at Mumbai, India. Also, he has worked with 3i Infotech Ltd., Bangalore, on software development for the investment management industry. He brings with him a blend of operations and finance backed by technology.
Rashmi Pandit Company Secretary, Risk & Compliance Officer	34/ B.Com, ACS, MFM	Ms. Rashmi Pandit is a commerce graduate and an ACS, with a Masters degree in Financial Management (MFM). She began her career with Kotak Mahindra Asset Management Company Limited in June 2000, as a management trainee, and eventually became the company secretary, while continuing to assist the compliance officer in all mutual fund compliances. Her next assignment was with DSP BlackRock Investment Managers Pvt. Ltd. (DSP), which she joined in June 2004. In due course, she

		became the company secretary and compliance officer at DSP, and handled the secretarial, legal and compliance functions, including compliance for the PMS business of DSP.
Alok Sahoo Head- Fixed Income	34/ BE, MBA (Finance, Xavier Institute of Management, Bhubaneswar	Mr Alok Sahoo is a management graduate in Finance from XIM, Bhubaneswar having BE degree from NIT, Rourkela. He has been working in the investment area in asset management for 9 years. Prior to Baroda Pioneer Mutual Fund, he has been fixed income fund manager at UTI Mutual Fund and HSBC Mutual Fund. He was also the Fund Manager for Employee Provident Fund at HSBC Asset Management. He has experience in the credit research of companies as well.
Dipak Acharya Fund Manager (Equity)	47/ M.Com. AICWA, CAIIB and PGPMS	Mr Dipak Acharya is an M.Com. with the added qualifications of AICWA, CAIIB and PGPMS. He is the Fund Manager for the equity schemes of Baroda Pioneer Mutual Fund and has been with the organization since September 2008. Prior to this, Mr. Acharya was with Bank of Baroda for 10 years, where he worked in the Treasury Dept. and Credit Dept.
Hetal P. Shah Fund Manager (Debt)	30/ B.Com, MBA, and JAIIB	Ms. Hetal P. Shah is a B.Com, MBA, and JAIIB having 9 years of experience in Treasury and Fund Management. Before joining Baroda Pioneer Asset Management Co. Ltd., she was working in the Treasury Department of Bank of India from May 1999.
Abhay Nagar Vice President & Head of Sales	37/B.Com (H), MBA Finance	Mr Abhay Nagar is a B Com. (Hons) and a Management Graduate with specialization in finance. He is working with Baroda Pioneer Mutual Fund as Vice President and Head of Sales and Distribution. Prior to this he worked for Tata Asset Management Ltd for 6 years in various capacities such as Head of North zone (Sept 2002 – July 2003), Vice President and Head of Retail Sales (Aug 2003-Sept 2008)- reporting to Managing Director. Prior to that he worked for RR Financial Consultants Ltd (Sept 1995- Aug 2002) in various capacities such as Regional Head (West), Astt. Vice President- Retail Distribution and later on as Vice President & All India Head, reporting to Managing Director.
Amitabh Ambastha Investor Relations Officer	38/ PGDM; PGD PM&IR; NSDL, AMFI	Mr. Amitabh Ambastha is a PGDM; PGD PM&IR; NSDL, AMFI, having 10 years of experience in Investor Service Operations. Before joining Baroda Pioneer Asset Management Co. Ltd., he worked with TATA Mutual Fund (July 2005 – August 2008) and UTI Technology Services Ltd. (June 1998 – June 2005).

Procedures followed for Investment decisions

The Board of Directors of Baroda Pioneer Asset Management Company Ltd has appointed an "Investment Committee" (a Committee having Board representation) to review the Investment activities of the Mutual Fund. First time investment decisions in respect of equities/equity related instruments of a company are approved by the Investment Committee (IC) after taking into consideration the Fundamentals of business, Market Capitalisation Industry structure, Quality of management, etc. and then these are included in the Investment Universe for the schemes. Investments in such equities which are not in the investment universe, either through the secondary market or in an IPO, may be made, up to 5% of the total net assets value of the respective scheme, as long as such investments fall within the investment guidelines of that scheme and the fund manager (equity) does so subject to the approval of the Chief Executive Officer. Such investments are reported to the Investment Committee at their next meeting for ratification.

The process of approval and execution of individual transactions is done by the investment team comprising of Head of Fixed Income, Fund Manager- Equity and Fund Manager –Fixed Income. The investment decisions are taken considering factors like economic scenario, fundamental analysis, technical analysis, interest rate movements, liquidity, industry weight age, etc. All investment decisions are recorded on a daily basis.

The performance of each scheme is monitored by the Board of AMC and trustees on a periodic basis vis-à-vis the respective benchmark index as mentioned in the Scheme Information Documents.

Industry-wise exposure of the schemes is reported to the Investment Committee on a regular basis.

For Investors Services, please contact:

Baroda Pioneer Mutual Fund
501, Titanium,
5th Floor,
Western Express Highway
Goregaon (E)
Ph No. 37041000
Fax No. 30741001
E-mail: info@barodapioneer.in

E. Service Providers

Custodian

CITI BANK N.A. (SEBI Registration Number:IN/CUS/004) situated at Trent House, 3rd Floor, G Block, Plot No.60, Next to Citibank, BKC, Bandra (E), Mumbai 400 051, are the custodian for all the Schemes of Baroda Pioneer Mutual Fund. The important duties and obligations of the Custodians in terms of the Custodial Agreement entered into with them are as under:

- a) All securities/investments of the Schemes shall be in the custody of the Custodian.
- b) The Custodian will deliver/receive securities directly to and from the parties and shall receive or make payment on receipt of written instructions from Baroda Pioneer Mutual Fund or any other person authorised by Baroda Pioneer Mutual Fund.
- c) The Custodian will be responsible for loss or damage to the securities due to its negligence or negligence of its employees and approved agents.
- d) The Custodian will ensure smooth inflow/outflow of securities and such other instruments as and when necessary in the best interest of the investors.
- e) The Custodian will ensure that the benefits due to the holdings are recovered.
- f) The Custodian is entitled to remuneration for its services in accordance with the terms of the existing Custodial Agreement which inter alia provides that the custodian will charge the Schemes a fee at specified and agreed upon rates, apart from reimbursement of out of pocket expenses.

Registrar and Transfer Agents

Karvy Computershare (Pvt.) Ltd., having their registered office at Karvy House, 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034, are the Registrar and Transfer Agents for the Schemes.

The Board of Trustees of Baroda Pioneer Mutual Fund and Baroda Pioneer Asset Management Co. Ltd. have ensured that the Registrars are registered with SEBI, with a valid certificate, and that they have adequate facilities to discharge the responsibilities with regard to processing of applications, dispatch of Account Statement/Unit certificates to Unitholders within the time limit prescribed by the SEBI (Mutual Funds) Regulations, 1996 and that they also have sufficient capacity to handle investors' complaints. It has also been ensured that Karvy Computershare (Pvt) Ltd. has adequate facilities, processes, etc. to address the risk management issues prescribed by SEBI. The SEBI Registration Number of Karvy Computershare (Pvt.) Ltd is INR000000221.

Legal Counsel

Based on the issue on hand, the AMC appoints appropriate legal counsel on a case to case basis.

Fund Accountant

CITIBANK N.A. situated at Trent House, 3rd Floor, G Block, Plot No.60, Next to Citibank, BKC, Bandra (E), Mumbai 400 051, are the fund accountants for all the Schemes of Baroda Pioneer Mutual Fund.

Statutory Auditors

Auditors of Baroda Pioneer Mutual Fund

M/s. Borkar & Muzumdar, Chartered Accountants, having their office at 235-37, Piramal Mansion, D. N. Road, Mumbai - 400 001, were appointed as Statutory Auditors of Baroda Pioneer Mutual Fund for FY 2009-10. The Auditors of the Schemes are different from those of Baroda Pioneer AMC.

Auditor of Baroda Pioneer Asset Management Company Limited

M/s BSR & Co Chartered Accountants, having their office at KPMG House, Kamla Mills Compound, 448, Senapati Bapat Marg, Lower Paral , Mumbai – 400013, were appointed as the statutory auditors of BPAMC for FY 2009-10 . The auditors of BPAMC are different from the auditors of the Schemes.

Collecting Bankers

For Collecting Bankers to NFOs please refer the Scheme Information Document of the respective scheme.

F. CONDENSED FINANCIAL INFORMATION

In the last three years Baroda Pioneer Mutual Fund has launched two schemes i.e Baroda Pioneer Treasury Advantage Fund and Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund. The Condensed Financial Information of these schemes is as follows:

Sr No	Scheme Name	BARODA PIONEER TREASURY ADVANTAGE FUND	BARODA PIONEER PUBLIC SECTOR UNDERTAKING (PSU) BOND FUND
No	Financial Year	2009-2010	2009-2010
	Date of Allotment	June 24, 2009	December 24, 2009
1	NAV at the beginning of the year (as on allotment date)		
	Retail Plan - Growth	10.0000	10.0000
	Retail Plan - Daily Dividend	10.0000	-
	Retail Plan - Monthly Dividend	10.0000	10.0000
	Retail Plan - Quarterly Dividend	-	10.0000
	Institutional Plan - Growth	10.0000	-
	Institutional Plan - Daily Dividend	10.0000	-
2	Dividends * (net dividend per unit)		
	Individual & HUF		
	Retail Plan - Daily Dividend	0.3020	-
	Retail Plan - Weekly Dividend	0.3034	-
	Retail Plan - Monthly Dividend	0.2768	0.1261
	Retail Plan - Quarterly Dividend	-	0.1051

Sr No	Scheme Name	BARODA PIONEER TREASURY ADVANTAGE FUND	BARODA PIONEER PUBLIC SECTOR UNDERTAKING (PSU) BOND FUND
		2009-2010	2009-2010
	Institutional Plan - Daily Dividend	0.3126	-
	Institutional Plan - Weekly Dividend	0.1509	-
3	NAV at the end of the year (as on March 31, 2010)		
	Retail Plan - Growth	10.3601	10.1735
	Retail Plan - Daily Dividend	10.0095	-
	Retail Plan - Weekly Dividend	10.0017	-
	Retail Plan - Monthly Dividend	10.0390	10.0286
	Retail Plan - Quarterly Dividend	-	10.0532
	Institutional Plan - Growth	10.3729	-
	Institutional Plan - Daily Dividend	10.0091	-
	Institutional Plan - Weekly Dividend	10.0017	-
5	Annualised Return **		
	Retail Plan - Growth	3.60%	1.74%
	Institutional Plan - Growth	3.73%	na
6	Net Assets end of Period (Rs. In Crs)		
	Retail Plan - Growth	2.70	60.47
	Retail Plan - Daily Dividend	13.75	-
	Retail Plan - Weekly Dividend	2.08	-
	Retail Plan - Monthly Dividend	0.52	47.13
	Retail Plan - Quarterly Dividend	-	28.40
	Institutional Plan - Growth	482.72	-
	Institutional Plan - Daily Dividend	442.84	-
	Institutional Plan - Weekly Dividend	131.57	-
7	Ratio of Recurring Expenses to Net Assets	0.19%	0.99%

* Excluding dividend details of liquid scheme

** Absolute Return since the period is not more than 1 year

II. HOW TO APPLY

- 1) Applications complete in all respects together with necessary remittance may be submitted at any of the Official Points of Acceptance, as mentioned in the respective Scheme Information Document, and as may be designated by the AMC from time to time. The cheque or Demand Draft shall be payable in favour of the scheme name, (Please see the Key Information Memorandum & Application Form of the respective Scheme). Cheques / Demand Drafts should be payable at the Centre where the application is lodged.
- 2) Pursuant to AMFI Best Practice Guideline Circular No. 13/2007 – 08 dated October 3, 2007, Demand Draft charges, if reimbursed to the unit holders, are to be borne by the AMC and not to be charged to the schemes. Investors may please further note that in case of any application made through the Demand Draft, no Demand Draft charges will be reimbursed by the AMC in any case. The same will have to be borne by investors only.
- 3) Investors are advised to fill up the details of their bank account numbers on the application form in the space provided. In order to protect the interest of the Unit holders from fraudulent encashment of cheques, SEBI has made it mandatory for investors in mutual funds to state their bank account numbers in their applications. SEBI has also made it mandatory for investors to mention their Permanent Account Number (PAN) transacting in the units of Baroda Pioneer Mutual Fund, irrespective of the amount of transaction. Submission of copy of PAN card is mandatory for all categories of investors (including NRIs, Guardian of a minor) for transacting in units of

Baroda Pioneer Mutual Fund. Submission of copy of PAN card by Guardian of a minor is mandatory for investments by minor whether copy of PAN of minor is provided or not. Verification of PAN would be carried out with the Income tax database. In case of failure, communication would be sent to the investors to provide the correct PAN details or communication from Income Tax authorities evidencing the validity of PAN. Such folios would be blocked for additional purchases and future SIP registrations till receipt of the above documents and verification with original. In case of web-based transactions, investors would be allowed to transact subject to PAN validation.

- 4) Investors are advised to retain the acknowledgement slip signed/ stamped by the collection centre where they submit the application.

5) Who can invest

Investors are advised to satisfy themselves that they are not prohibited by any law governing them and any Indian law from investing in the Schemes and that they are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions. The following is an indicative list of persons who are generally eligible and may apply for subscription to the units of the schemes of Baroda Pioneer Mutual Fund:

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

Note: A minor can invest in any scheme of Baroda Pioneer Mutual Fund through his/her guardian only. Minor Unit Holder, on becoming major, may inform the Registrar about attaining majority and provide his specimen signature duly authenticated by his banker as well as his details of bank account and PAN (if required) to enable the Registrar to update their records and allow him to operate the Account in his own right.

Notes:

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

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

Applications not complying with the above are liable to be rejected.

c. Returned cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.

d. Any request for withdrawal of application made during the New Fund Offer Period will be treated as Redemption request and shall be processed at the Redemption Price based on the first NAV declared by the Schemes after the close of New Fund Offer.

6) Who cannot invest:

It should be noted that the following entities cannot invest in the schemes:

a. Any individual who is a Foreign National

b. Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the schemes. These would be firms and societies which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs).

The AMC reserves the right to include new categories of investors in or / exclude existing categories from the list of eligible investors from time to time, subject to the SEBI Regulations and other prevailing regulations/laws etc., if any.

Subject to the Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the AMC. For example, the AMC may reject any application for the Purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or all of the schemes' Unit capital is not in the general interest of the Unit holders, or if the Trustee for any other reason does not believe that it would be in the best interest of the schemes or its Unit holders to accept such an application.

The AMC may need to obtain from the investor, verification of identity or such other details relating to a subscription for Units as may be required under any applicable law, which may result in delay in processing the application.

7) Joint Applicants:

In the event an account has more than one registered owner, the first-named holder shall receive the Account Statements, all notices and correspondence with respect to the Account, as well as the proceeds of any redemption requests or dividends or other distributions. In addition, such Unit holders shall have the voting rights, as permitted, associated with such units, as per the applicable guidelines. Applicants can specify the 'mode of holding' in the application form as 'Joint' or 'Any one or Survivor'. In the case of holding specified as 'Joint', Redemptions would have to be signed by all joint holders in the same order as registered with the Mutual Fund. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit holders will have the power to make Redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Redemption will be paid only to the first-named holder.

8) Defective applications liable for rejection:

Applications not complete in any respect are liable to be rejected. In the event of non-allotment of Units, no interest will be paid on the money refunded. In case of any representation to the AMC against the disqualification of any application, the decision of the AMC will be final.

9) Investors are requested to provide the relevant details in the space provided in the application form. This measure is intended to avoid fraud / misuse or theft while investing in the Units of Baroda Pioneer Mutual Fund. Kindly note that the applications received which are incomplete or where insufficient information is provided by the investors, are liable to be rejected. In the event of non-allotment of units, no interest will be paid on the money refunded.

III. RIGHTS OF UNITHOLDERS OF THE SCHEMES

1. Unit holders of the schemes have a proportionate right in the beneficial ownership of the assets of the schemes.
2. When the Mutual Fund declares a dividend under the schemes, 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. In case the AMC fails to dispatch redemption proceeds within the stipulated time, interest at the rate of 15% p.a. will be paid to such investors.
4. The Trustee is 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 schemes.
6. 75% of the Unit holders of a schemes can pass a resolution to wind- up a schemes.
7. The Trustee shall obtain the consent of the Unit holders:
 - a. Whenever required to do so by SEBI, in the interest of the Unit holders.
 - b. Whenever required to do so if a requisition is made by three- fourths of the Unit holders of the schemes.
 - c. When the Trustee decides to wind up the schemes or prematurely redeem the Units.
 - d. 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 schemes 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 to be given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - (ii) The Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
8. In specific circumstances, where the approval of unitholders 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.
9. Suspension or restriction of repurchase/redemption facility under any scheme of the mutual fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustee. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

IV. NET ASSET VALUE (NAV) AND VALUATION OF ASSETS OF THE SCHEMES

Valuation of assets

Valuation of Assets, computation of NAV, Repurchase Price and their frequency of disclosure will be in accordance with the provisions of SEBI Regulations /Guidelines/Directives issued by SEBI from time to time. The assets of the schemes will be valued based on the following valuation norms.

1. Traded Securities

- a) Traded securities shall be valued at the last quoted closing prices on the stock exchange.
- b) When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. The AMC will select the appropriate stock exchange and will record the reason for such selection. All scrips may be valued at the prices quoted on the stock exchange where a majority in value of investments are principally traded.
- c) Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the Asset Management Company.
- d) When a security is not traded on selected stock exchange on a particular valuation day, the value at which it was traded on another stock exchange may be used.
- e) When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on any stock exchange on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date.
- f) When a debt security (other than Government Securities) is not traded on any stock exchange on any particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than fifteen days prior to valuation date.
- g) When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase

B. Thinly Traded Securities

a. Thinly Traded Equity/Equity Related Securities:

When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued accordingly.

For example, if the volume of trade is 100,000 and value is Rs. 400,000, the share does not qualify as thinly traded. Also if the volume traded is 40,000, but the value of trades is Rs. 600,000, the share does not qualify as thinly traded.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes/provides the required information along with the daily quotations, the same can be used by the mutual funds.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Asset Management Company/Trustees will decide the valuation norms to be followed and such norms would be documented and recorded

Further it is clarified that in order to determine whether a security is thinly traded or not, the volumes traded in all recognized stock exchanges in India may be taken into account.

b. Thinly Traded Debt Securities:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs 5 Crore) on the principal stock exchange or any other stock exchange. A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

In order to determine whether a security is thinly traded or not the volumes traded in all recognized stock exchanges in India may be taken into account.

C. Non Traded Securities:

When a security is 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.

D. Valuation of Non-Traded / Thinly Traded Securities

Non-traded/ thinly traded securities shall be valued "in good faith" by the asset management company on the basis of the valuation principles laid down below:

i. Non-traded / thinly traded equity securities:

a. Based on the latest available Balance Sheet, net worth shall be calculated as follows: Net Worth per share = [share capital + reserves (excluding revaluation reserves) - Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.

b. Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

c. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.

d. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

e. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

f. In case an individual security accounts for more than 5% of the total assets of a scheme, an independent valuer shall be appointed for the valuation of the said security.

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".

ii. (a) Non Traded /Thinly Traded Debt Securities of Upto 182 Days to Maturity:

As the money market securities are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) a similar process should be adopted for non-traded debt securities with residual maturity of upto 182 days, in the absence of any other standard benchmarks in the market. Debt securities purchased with residual maturity of upto 182 days are to be valued at cost (including accrued interest till the beginning of the day) plus the difference between the redemption value (inclusive of interest) and cost spread uniformly over the remaining maturity period of the instrument. In case of a debt security with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest should be used instead of purchase cost. All other non traded Non Government debt instruments shall be valued using the method suggested in (i) (b) hereof

ii. (b) Non Traded/ Thinly Traded Debt Securities of Over 182 Days to Maturity.

For the purpose of valuation, all Non Traded Debt Securities would be classified into "Investment grade" and "Non Investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "Performing" and "Non Performing" assets.

All Non Government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described below.

- All Non Government non investment grade performing debt securities would be valued at a discount of 25% to the face value.
- All Non Government non investment grade non performing debt securities would be valued based on the provisioning norms.
- The approach in valuation of non traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non traded security.
- The Yields for pricing the non traded debt security would be arrived at using the process as defined below.

Step A

A Risk Free Benchmark Yield is built using the government securities (GOI Sec) as the base. GOI Secs are used as the benchmarks as they are traded regularly; free of credit risk; and traded across different maturity spectrums every week.

Step B

A Matrix of spreads (based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

Step C

The yields as calculated above are Marked-up/ Marked down for ill-liquidity risk.

Step D

The Yields so arrived are used to price the portfolio.

E. Illiquid Securities:

a. Aggregate value of "illiquid securities" of a scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall 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.

b. All funds shall disclose, as on March 31 and September 30, the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unit holders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.

c. Mutual Funds shall not be allowed to transfer illiquid securities among their schemes.

F. Derivative Products

Traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Regulations.

Valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Regulations.

G. Valuation of Government Securities

As per Clause 2(CC) of Eighth Schedule of SEBI (Mutual Funds) Regulations, 1996, government securities will be valued at yield to maturity based on the prevailing market rate. Further, in accordance with SEBI Circular MFD/CIR NO./ 14/442/2002 dated February 20,2002, for valuation of government securities, Mutual fund shall use the prices for Government Securities released by an agency suggested by AMFI for the sake of uniformity in calculation of NAVs.

H. Valuation of Unlisted Securities

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:

a. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:

i. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.

ii. After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}

The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.

(b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

(c) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.

The above methodology for valuation shall be subject to the following conditions:

i. All calculations as aforesaid shall be based on audited accounts.

ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

iii. If the net worth of the company is negative, the share would be marked down to zero.

iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

v. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.

At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

I. Valuation of Rights entitlement

Until they are traded, the value of the "rights" shares should be calculated as:

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

Where V_r = Value of rights

n = no. of rights offered

m = no. of original shares held

P_{ex} = Ex-rights price

P_{of} = Rights Offer Price

Where the rights are not treated pari-passu with the existing shares, suitable adjustment should be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

J. Valuation of securities with Put/Call Options

The option embedded securities would be valued as follows:

Securities with call option:

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

Securities with Put option

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

K. Valuation Non Performing Assets (NPA)

An 'asset' shall be classified as non performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income / instalment has fallen due.

The valuation of Non Performing Assets (NPA) would be in accordance with SEBI Circular MFD/CIR/8/92/2000 dated September 18, 2000.

L. Expenses and Incomes Accrued

All expenses and incomes accrued upto the valuation date shall be considered for computation of net asset value. For this purpose, while major expenses like management fees and other periodic expenses should be accrued on a day to day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

M. Changes in securities and in number of units:

Any changes in securities and in the number of units be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the Net Asset Value disclosure, the recording may be delayed upto a period of seven days following the date of the transaction, provided that as a result of the non-recording, the Net Asset Value calculations shall not be affected by more than 1%. The valuation guidelines as outlined above are as per prevailing Regulations and are subject to change from time to time in conformity with changes made by SEBI.

Further, In Line with eighth Schedule of SEBI (Mutual Funds) Regulations, 1996, the Asset Management Company shall follow the following principles:

Non-traded securities shall be valued "in-good faith" by the asset management company on the basis of appropriate valuation methods based on the principles approved by the Board of the asset management company. Such decision of the Board must be documented in the Board minute and the supporting data in respect of each security so valued must be preserved. The methods used to arrive at values "in-good faith" shall be periodically reviewed by the trustees and reported upon by the auditors as "fair and reasonable" in their report on the annual accounts of the fund. For the purpose of valuation of non-traded securities, the following principles should be adopted:-

(a) equity instruments shall generally be valued on the basis of capitalization of earnings solely or in combination with the net asset value, using for the purposes of capitalization, the price or earning ratios of comparable traded securities and with an appropriate discount for lower liquidity;

(b) debt instruments shall generally be valued on a yield to maturity basis, the capitalization factor being determined for comparable traded securities and with an appropriate discount for lower liquidity;

(c) while investments in call money, bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual; other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, non-traded instruments that is instruments not traded for a period of seven days will be valued at cost plus interest accrued till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments;

(cc) government securities will be valued at yield to maturity based on the prevailing market rate.

(d) In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in;

e) In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures (as referred to in sub-paragraph (d) above) must be deducted to account for the period which must elapse before the warrant can be exercised;

(f) Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest upto date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest upto date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation.

V. TAX & LEGAL & GENERAL INFORMATION

TAXATION ON INVESTING IN MUTUAL FUNDS

The following tax implications are provided for general information purposes based on the law prevalent as on the date of this document. Such implications would have to be determined taking into account the specific facts of each individual case. Further, in the event of amendments to legislation pertaining to taxation from time to time, the nature and / or quantum of such benefits / implications is subject to change.

Accordingly, it is recommended that each Unit holder appropriately consult his / her tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

I. To the Mutual Fund:

Income in the hands of the Mutual fund

The entire income of the Mutual Fund registered under Securities and Exchange Board of India Act, 1992 or any regulations made thereunder is exempt from income-tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961 ("the Act").

The income received by such Mutual Fund is not liable for deduction of income tax at source as per the provisions of Section 196(iv) of the Act. Where the Fund receives any income from investments made in overseas jurisdiction, the same may be subject to withholding in the relevant jurisdiction from which the

income is received. As the income of the fund is exempt from tax in India, credit/ refund in respect of such foreign taxes may not be available in India.

Tax on distribution of income by the Mutual Fund to the Unit holders

Under section 115R of the Act, income distribution, if any, made by the Mutual Fund to the unit holders will attract distribution tax at the following rates:

- **In case of Money Market Mutual Fund or Liquid Fund**

@ 25% plus surcharge on such income-tax @ 7.5% and education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge.

- **In case of Other than Equity Oriented Fund, not being a Money Market Mutual Fund or a Liquid Fund**

- @ 12.5% plus surcharge on such income-tax @ 7.5% and education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, in case income is distributed to individuals and HUFs; and

- @ 20% plus surcharge on such income-tax @ 7.5% and education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, in case of income distributed to persons other than individuals and HUFs.

Proviso (b) to Section 115R(2) of the Act provides exemption to equity oriented mutual funds from paying distribution tax on income distributed.

Further, in case of distribution of income already paid by the Scheme, the Trustee / AMC reserves the right to recover the additional income-tax on distribution of income so paid from the unit holders of respective Plan/option.

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

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

Classification of the fund as 'equity oriented fund' or other than 'equity oriented fund' for the purposes of the Act

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.

II. To the Unit Holders:

Deduction from total income

Under section 80C of the Act, an assessee, being an individual or HUF, is eligible to claim a deduction upto an aggregate of Rs. 1 lacs on account of sums paid as subscription to units of an Equity Linked Savings Scheme.

The expression "Equity Linked Savings Scheme" refers to Equity Linked Savings Scheme, 2005 as notified by the Central Board of Direct Taxes, Ministry of Finance vide notification dated November 3, 2005 as amended vide notification dated December 13, 2005.

Securities Transaction Tax

Under Chapter VII of Finance (No. 2) Act, 2004 the unit holder is liable to pay Securities Transaction Tax ('STT') in respect of "taxable securities transaction" at the applicable rates. Taxable securities transactions include purchase or sale of units of an equity oriented fund, entered into on the stock exchange or sale of units of an equity oriented fund to the mutual fund.

The purchaser and seller of units of an equity oriented fund are liable to pay STT @ 0.125 % each where the purchase and sale is entered into on a recognized stock exchange and the contract for the purchase and sale of such units is settled by actual delivery or transfer of such units.

Further, the seller of units is also liable to pay STT @ 0.025 % in case of sale of units of an equity oriented fund where the transaction of such sale is entered into on a recognized stock exchange and the contract for the sale of such units is settled otherwise than by the actual delivery or transfer of such units.

At the time of sale of units of equity oriented fund to the mutual fund, the seller is required to pay an STT @ 0.25%.

The securities transaction tax paid by the assessee during the year in respect of taxable securities transactions entered in the course of business shall be allowed as deduction under section 36 of the Act subject to the condition that such income from taxable securities transactions is included under the head 'profits and gains of business or profession'.

Incomes from Units

Under the provisions of section 10(35) of the Act, any income (other than income arising from transfer of units) received by any person in respect of the units of the mutual fund is exempt from income tax.

Gains on transfer / redemption of Units

Gains arising on transfer / redemption of Units as well as switching between schemes will be chargeable to tax under the Act. The characterization of income from investment in securities as 'business income' or 'capital gains' will have to be examined on a case-to-case basis.

o Business Income

Where the units are regarded as Business Asset, then any gain arising from transfer / redemption of Units would be taxed under the head "Profits and Gains of Business or Profession" under section 28 of the Act. The gain / loss is to be computed under the head "Profits and Gains of Business or Profession" after allowing normal business expenses (inclusive of the expenses incurred on transfer).

Business Income is chargeable to tax at the following rates:

Assessee	% of Income Tax
Individuals, HUF, Association of Persons	Applicable Slab Rates
Partnership Firms [including Limited Liability Partnerships ('LLPs')] & Indian Corporates	30%
Foreign Company	40%

The income tax rates specified above and elsewhere in this document are exclusive of the applicable surcharge, education cess and secondary and higher education cess. The Finance Bill, 2010 has proposed certain changes in the applicable rates for surcharge, details are as given below:

Assessee	Surcharge
Individual (including proprietorships), HUF, Association of Persons and Partnership Firms (including LLPs)	Nil
Indian Corporates (if income exceeds Rs. 1 crore)	7.5%
Foreign Company (if income exceeds Rs. 1 crore)	2.5%

Additionally, education cess and secondary and higher education cess is leviable @ 3% on the income tax and surcharge as computed above.

o **Capital Gains**

The mode of computation of capital gains would be as follows:

Sale Consideration		xxx
Less: Cost of Acquisition (Note 1)	(xxx)	
Expenses on Transfer (Note 2)		(xxx)
Capital Gains		xxx

Note 1: In case of the computation of long-term capital gains, option of indexation of cost is available.

Note 2: This would include only expenses relating to transfer of units. Normal business expenses would not be allowable.

Capital gain arising on transfer or redemption of units held for a period of more than 12 months is regarded as "Long-term Capital Gain" which otherwise would be "Short-term Capital Gain". In case of ELSS, the units are subject to a lock-in of 3 years. Accordingly, any sale of units after such lock-in will qualify as Long-term Capital Gain.

• **Long term capital gains**

In case of other than Equity Oriented Fund, including Money Market Mutual Fund or a Liquid Fund

As per section 112 of the Act, tax on income on long term capital gains arising from the transfer of units shall be lower of the following amount:

- (i) 10% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge, on the Long-term Capital Gains computed without substituting indexed cost of acquisition in place of the cost of acquisition; or
- (ii) 20% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge, on the Long-term Capital Gain computed after substituting indexed cost of acquisition in place of the cost of acquisition.

The benefit of indexation will, however, not be available to specified Offshore Fund which is taxable @ 10% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge in terms of section 115AB of the Act.

The benefit of indexation will, also, not be available to Foreign Institutional Investors who are taxed under section 115AD of the Act @ 10% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge.

The income by way of long term capital gains of a company would be taken into account in computing the book profits and Minimum Alternate Tax payable, if any, under Section 115JB of the Act (irrespective of whether or not it is exempt under Section 10(38) of the Act).

In case where the taxable income as reduced by Long-term Capital Gains of a resident individual and Hindu Undivided family is below the taxable limit, the Long-term Capital gain will be reduced to the extent of such shortfall and only the balance Long-term Capital Gain is chargeable to Income-tax.

The following deductions are available from Long-term Capital Gains arising on sale of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

	Section 54 EC	Section 54F
Eligible persons	All assesses	Individual and HUFs
Asset to be purchased to claim exemption	Specified Bonds of National Highways Authority of India and Rural Electrification Corporation Limited (cap of Rs. fifty lakhs in a financial year)	Residential house property

Time-limit for purchase from date of sale of MF units	6 months	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward
Amount Exempt	Investment in the new asset or capital gain whichever is lower	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing residential house mentioned in the section)
Lock-in period	3 years	3 years

The investment under section 54EC on account of which exemption has been claimed from long-term capital gains will not be available for deduction under section 80C of the Act.

In case of Equity Oriented Fund including ELSS

Units of Equity Oriented fund including ELSS being subjected to STT. Long Term capital Gains arising from transfer of such units are exempt under section 10(38) of the Act. The mutual fund would recover STT from the unit holder as per the applicable rates.

- **Short-term Capital Gain**

In case of other than Equity Oriented Fund, including Money Market Mutual Fund or a Liquid Fund

Short term capital gains arising from the transfer of units of funds other than equity oriented scheme would be chargeable to tax as under:

Short term capital gains are taxed at the normal rates applicable to each unitholder. In case where the taxable income as reduced by Short-term Capital Gains of a resident individual and Hindu Undivided Family is below the taxable limit, the Short-term Capital gain will be reduced to the extent of such shortfall and only the balance Short-term Capital Gain is chargeable to Income-tax.

In case of Equity Oriented Fund

Short Term Capital Gains arising from transfer of units of an Equity Oriented scheme (as defined u/s 115T of the Income Tax Act, 1961), being subjected to STT would be charged to tax u/s 111A of the Income Tax Act, 1961 @ 15% (plus applicable surcharge, education cess and secondary and higher education cess). The mutual fund would recover STT from the unit holder at the applicable rates when the units are re-purchased by the mutual fund/ redeemed by the investor.

In case where the taxable income as reduced by Short-term Capital Gains of a resident individual and Hindu Undivided family is below the taxable limit, the Short-term Capital Gain will be reduced to the extent of such shortfall and only the balance Short-term Capital Gain is chargeable to Income-tax.

Deduction of income tax at Source from Capital Gains

- **Resident Unit holders**

No income tax is required to be deducted at source from capital gains arising on transfer of units by resident unit holders.

- **In case of funds other than 'Equity Oriented Fund' under the Act**

A) Non-Resident unit holders

Income-tax is required to be deducted at source from the capital gains under section 195 of the Act at the applicable rates.

Under the Act, the following rates have been prescribed for deduction of tax at source from capital gains:

- ~ On income by way of long-term capital gains @ 20% (plus applicable surcharge and education cess)
- ~ On income by way of short-term capital gains at normal rates as applicable under Business Income.

In the case of an assessee of a country with which a DTAA is in force, the tax should be withheld as per provisions in the Act or as per the provisions in the DTAA which ever is more beneficial to the non-resident

holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

B) Offshore Fund unit holders

Under Section 196B of the Act, tax shall be deducted at source from the long term capital gains @ 10% plus applicable surcharge, education cess and secondary and higher education cess at the rate of 3% on the amount of tax and surcharge.

Income-tax is required to be deducted at source from the short-term capital gains under section 195 of the Act at the applicable rates. In the case of an assessee resident of a country with which a DTAA is in force, the tax should be withheld as per the provisions of the Act or the provisions in the DTAA which ever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

- **In case of 'Equity Oriented Fund' for Non-Resident unit holders (including Offshore fund unit holders)**

Income-tax is required to be deducted at source from the capital gains under section 195 of the Act at the applicable rates.

Under the Act, the following rates have been prescribed for deduction of tax at source from capital gains:

- ~ Income by way of long-term capital gains arising from transfer of units subject to STT is exempt from tax.
- ~ On income by way of short-term capital gains arising from transfer of units subject to STT taxable under section 111A @ 15% (plus applicable surcharge and education cess).

Income-tax is required to be deducted at source from the capital gains under section 195 of the Act at the applicable rates. In the case of an assessee resident of a country with which a DTAA is in force, the tax should be withheld as per provisions in the Act or as per the provisions in the DTAA which ever is more beneficial to the non-resident holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

- **Foreign Institutional Investors**

As per the provisions of section 196D of the Act, no deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.

Default in furnishing the PAN

Section 206AA of the Act inserted by the Finance (No.2) Act, 2009 operative with effect from April 1, 2010 states that the deductee is required to mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates:

1. the rate prescribed in the Act;
2. at the rate in force i.e., the rate mentioned in the Finance Act; or
3. at the rate of 20%.

Dividend Stripping

As per Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months of the record date 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.

Bonus Stripping

As per Section 94 (8) of the Act, units purchased within a period of 3 months prior to record date of entitlement of bonus and sold within a period of 9 months after such 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 purchase / acquisition of the bonus units.

III. Religious and Charitable Trust

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 Trust.

IV. Wealth-tax

Units held under the Scheme of the Fund are not treated as assets within the meaning of section 2(ea) of the Wealth-tax Act, 1957 and are, therefore, not liable to Wealth-tax.

V. Gift-tax

The Gift –Tax Act, 1958 has been repealed since October 1, 1988. Gift of units of Mutual fund units would be subject to income-tax in the hands of the donor. As per section 56(2)(vii), receipts of securities, fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration is taxable as income in the hands of individuals / HUFs.

Further the above provision of section 56(2)(vii) shall not apply to any units received by the donee

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) from any trust or institution registered under section 12AA of the Act.

Relative shall mean:

- (i) spouse of the individual;
- (ii) brother or sister of the individual;
- (iii) brother or sister of the spouse of the individual;
- (iv) brother or sister of either of the parents of the individual;
- (v) any lineal ascendant or descendant of the individual;
- (vi) any lineal ascendant or descendant of the spouse of the individual;
- (vii) spouse of the person referred to in clauses (ii) to (vi);

B. Legal Information

Nomination Facility

Nomination facility is available only for individuals applying on their own behalf. 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. As per AMFI letter 35/MEM-COR/57/07-08 dated January 03, 2008, applicants can make multiple nominations to the maximum of three. This facility is also available to NRI investors. This will however be subject to change, if any, in the guidelines of RBI/other regulators. Applicants may change their nomination at any time during the currency of the scheme.

In case of multiple nominations, applicants must clearly specify the percentage of units/allocation in favour of each nominee. In case the applicants do not specify the percentage of units/allocation for each nominee, units will be distributed equally among all the nominees. Please note that such allocation/share should be in whole numbers without any decimals making a total of 100 percent.

A minor 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.

The Nominee shall not be a society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney. A non-resident Indian can be a nominee, subject to the exchange controls in force from time to time.

Nomination in respect of the Units stands rescinded upon the transmission of Units.

Transmission of Units in favour of a Nominee shall be a valid discharge by the Mutual Fund/ AMC/ Trustees against the legal heirs of the Unit holder(s).

The cancellation of nomination can be made only by those individuals who hold Units on their 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/ trustees shall not be under any obligation to transmit the Units in favour of the Nominee.

Requirements of Prevention of Money Laundering

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued thereunder and the guidelines/circulars issued by the Securities and Exchange Board of India ('SEBI') and Association of Mutual Funds in India ('AMFI') regarding Anti Money Laundering ('AML Laws'), all intermediaries, including Mutual Funds, have to verify and maintain records of all its investors through the mandated Know Your Customer ('KYC') process.

For any investment in mutual funds (Fresh Purchases / Additional Purchases and new SIP registrations) of Rs. 50,000/- or more, KYC must be completed for all unitholders/investor in a folio (including guardian where the investor is a minor, NRIs and Power of Attorney holders) irrespective of the mode of holding. Investments where KYC is not completed, are liable to be rejected.

KYC Requirements

CDSL Ventures Ltd ("CVL") has been appointed by mutual funds to complete KYC formalities on their behalf and hence investors need to submit their details only once for completion of KYC formalities across these mutual funds.

Investors will need to submit a completed KYC application form affixing a copy of their recent passport-size photograph along with copy of PAN card and proof of address for Individuals, or Corporate Documents/specified documents for bodies corporate and other entities, at any designated 'Point of Service' (POS) centre of CDSL Ventures Ltd ("CVL"). Applications may also be submitted at select branches of AMC. Prescribed list of documents, List of POS, Individual KYC form, Non- Individual KYC form are available on the websites of the AMC and Association of Mutual Funds in India.

All documents must be submitted in original along with a self-attested copy. The original will be returned across the counter after verification. Alternatively, investors may submit copies duly attested by a manager of a scheduled commercial bank (the designation seal should be affixed), notary public or gazetted officer.

On submission of the KYC application form and documents to CVL, investors will receive an acknowledgement across the counter, a copy of which must be submitted to the AMC as proof of having completed KYC formalities.

The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard. The KYC documentation shall also be mandatorily complied with by the holders by virtue of operation of law e.g. transmission, etc. Baroda Pioneer Mutual Fund, Baroda Pioneer Asset Management Company Limited, The Trustees of Baroda Pioneer Mutual Fund and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

Transfer and transmission of units

The Units of the Scheme are not transferable. In view of the same, additions/ deletion of names will not be allowed under any folio of the Scheme

In case Units are held in a single name by the Unit Holder, Units shall be transmitted in favour of the nominee(s), where the Unit Holder has appointed nominee(s) upon production of death certificate or any other document to the satisfaction of the Fund, AMC/Trustee or Registrar. If the Unit Holder has not appointed nominee(s), 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 production of Death Certificate or any other document to the satisfaction of the Fund, AMC/Trustee or Registrar. In

case Units are held by more than one registered Unit Holder, then upon death of the 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 Fund/ AMC/Trustee or Registrar. The rights in the Units will vest in the nominee(s) concerned upon the death of all Joint Unit Holders upon the nominee producing a Death Certificate or any other document to the satisfaction of the Fund, AMC/Trustee or Registrar.

Suspension of Sale and Redemption of Units

The Trustees and the Board of Directors of the AMC may decide to temporarily suspend determination of NAV of any of the Schemes offered under the respective Scheme Information Document, and consequently sale and redemption of Units, in any of the following events:

1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.
2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.
3. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme.
5. In case of natural calamities, strikes, riots and bandhs.
6. In the event of any force, majeure or disaster that affects the normal functioning of the AMC or the Registrar.
7. If so directed by SEBI.

In the above eventualities, the time limits indicated above, for processing of requests for purchase and redemption of Units will not be applicable.

Suspension or restriction of repurchase/ redemption facility under any scheme of the mutual fund shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees. After obtaining the approval from the AMC Board and the Trustees, an intimation would be sent to SEBI in advance providing details of circumstances and justification for the proposed action shall also be informed.

Unclaimed redemption amount

The unclaimed Redemption amount may be deployed by the Mutual Fund in money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous efforts to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

Unclaimed Dividend / Redemptions in respect of the open ended funds normally represent the time lag between funding of the respective accounts (with bank) by the AMC and the time taken for presentation of redemption/dividend warrants by the investors. No significant delay in the process is noticed.

Duration of the Scheme /Winding up

The duration of open ended schemes is perpetual. In the case of Close ended schemes, duration is limited and specified in the SID of the respective scheme, if any.

Winding up of the scheme:

A Scheme may be wound up, after repaying the amount due to the Unit holders,-

1. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, OR
2. If seventy five percent (75%) of the Unit holders of the Schemes pass a resolution that the Scheme be wound up, OR
3. If SEBI so directs in the interest of the Unit holders or
4. In case of non-fulfillment of condition prescribed in terms of minimum number of investors vide SEBI circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

- (I) SEBI and,
- (II) In two daily newspapers with circulation all over India and in one vernacular newspaper circulating at the place where the mutual fund is formed.

Effect of winding up:

On and from the date of the publication of notice under clause (b) of sub- regulation (3) of regulation 39, the trustee or the asset management Company as the case may be, shall-

- a) Cease to carry on any business activities in respect of the Scheme so wound up;
- b) Cease to create or cancel Units in the Scheme;
- c) Cease to issue or redeem Units in the Scheme.

Procedure and manner of Winding Up:

- a) The Trustee shall call a meeting of the Unitholders to consider and pass necessary resolutions by simple majority of the Unitholders present and voting at the meeting for authorizing the Trustee or any other person to take steps for winding up the Scheme concerned.

Provided that a meeting of the unit holders shall not be necessary if the scheme is wound up at the end of maturity period of the scheme.

- b) The Trustee or the person authorized as above, shall dispose off the assets of the Scheme concerned in the best interest of the Unitholders of that Scheme.
- c) The proceeds of the sale made in pursuance of the above, shall, in the first instance, be utilized 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 Unitholders 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.
- d) On completion of the winding up, the Trustee shall forward to the Board and the Unitholders, a report on the winding up containing particulars such as circumstances leading to the winding up, steps taken for the disposal of the assets of the Fund before winding up, expenses of the Fund for winding up, net assets available for distribution to the Unitholders and a certificate from the Auditors of the Scheme concerned.
- e) Notwithstanding anything contained herein, the provisions of the Regulations in respect of the disclosure of half-yearly reports and annual reports shall continue to apply. After the receipt of the report referred to above under 'Procedure and Manner of Winding Up', if SEBI is satisfied that all measures for winding up of the Scheme concerned have been completed, the Scheme shall cease to exist.

C. General Information

In addition to the following,, this section may include information on Underwriting, Securities Lending and Borrowing by the Mutual Funds etc.:

STOCK LENDING BY THE MUTUAL FUND

If permitted by SEBI under extant regulations/guidelines, the scheme may also 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 expiry of the stipulated period.

The Fund may in future carry out stock-lending activity under any of its schemes, in order to augment its income. Stock lending may involve risk of default on part of the borrower. However, this risk will be substantially reduced as the Fund has opted for the "Principal Lender Scheme of Stock Lending", where entire risk of borrower's default rests with approved intermediary and not with the Fund. There may also be risks associated with Stock Lending such as liquidity and other market risks. Any stock lending done by the scheme shall be in accordance with any Regulations or guidelines regarding the same. The AMC will apply the following limits, should it desire to engage in Stock Lending:

- a. Not more than 20% of the net assets can generally be deployed in Stock Lending
- b. Not more than 5% of the net assets can generally be deployed in Stock Lending to any single

counter party.

Till date, Baroda Pioneer Mutual Fund has not engaged in any stock lending.

Borrowing by Mutual Fund

Under Regulation 44(2) of SEBI (MF) Regulations, 1996, the Fund is allowed to borrow to meet its temporary liquidity need of the Scheme for the purpose of repurchase, redemption of Units or payment of interest or dividend to the Unit holders. Further, as per the Regulation, the Fund shall not borrow more than 20% of the Net Assets of a scheme and the duration of such borrowing shall not exceed a period of six months.

If a scheme decides to borrow, it may borrow either from Bank of Baroda and / or any other bank(s) or from any other sources as may be decided by the AMC. The loans may be without collateral, or the AMC may consider using a part of the scheme's assets as collateral with the prior approval of the Board of Directors of the AMC and the Board of Trustees for the scheme.

INTER-SCHEME TRANSFER OF INVESTMENTS:

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

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

Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

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

ASSOCIATE TRANSACTIONS

Who is an Associate?

For the purpose of this section, an associate or group company shall include Bank of Baroda and its subsidiaries, Joint Ventures and the Pioneer Global Asset Management SpA and its subsidiaries.

Investments in Associate or Group Companies of the Sponsor

Apart from applicable SEBI regulations from time to time, there is no separate policy regarding investments in associate or group companies of the sponsor. Therefore, as per the SSEBI Regulations, the schemes will not invest more than 25% of their net assets in the securities of the Bank of Baroda and Pioneer Group companies. Further, the aggregate investment made by all schemes of Baroda Pioneer Mutual Fund in the securities of Bank of Baroda and Pioneer Group companies will not exceed 25% of the net assets of the fund as a whole. No investment shall be made in any unlisted security of an associate or Group Company of the Sponsors, any security issued by way of private placement by an associate or group company of the Sponsors.

As on 30.06.2010 there are no investments in the securities of associate or group company of the Sponsor.

Underwriting Obligations of Baroda Pioneer Mutual Fund

As on 30.06.2010 Baroda Pioneer Mutual Fund has no underwriting obligation.

Subscription in Issues Lead Managed by Associates of Sponsor

As on 30.06.2010, there are no subscriptions in issues lead managed by associates of Sponsors of Baroda Pioneer Mutual Fund

Associate Brokers

No brokerage has been paid to associate brokers and if such brokerage is paid in future, it will be in line with the norms relating to brokerage payment for secondary market transactions of the Mutual Fund.

Agent Commission

For applications directly solicited and collected by the branches of Bank of Baroda or by any associates, they may also be paid an agent commission at a rate not exceeding the rate of commission being paid to other agents for the scheme.

Commission paid to associates/related parties/group companies of Sponsor/AMC						
Name of Associate/Related Party/group companies of sponsor/AMC	Nature of Association /Relation	Period Covered	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Commission Paid (Rs. Cr & % of total brokerage paid by the fund)	
			Value of Transaction (in Rs. Cr)	Value of Transaction (in %)	Brokerage (in Rs. Cr)	Brokerage (in %)
Bank of Baroda	Associate of AMC	01.04.2007 TO 31.03.2008	1.48	1.03	0.00	1.09
Bank of Baroda	Associate of AMC	01.04.2008 TO 31.03.2009	18.55	0.58	0.05	38.77
Bank of Baroda	Associate of AMC	01.04.2009 TO 31.03.2010	676.10	0.71	0.53	30.67

Other Associate Transactions - NIL

Jurisdiction

The jurisdiction for any matters or disputes arising out of the scheme shall reside with the Courts in India.

Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 501, Titanium, 501, Western Express Highway, Goregaon (E) Mumbai- 400063 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share 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.

INVESTOR GRIEVANCES REDRESSAL MECHANISM.

Investor grievances are normally received at AMC office or at the Customer Service Centres or directly by the Registrar. All grievances are forwarded to the Registrar for their necessary action. The complaints are closely followed up with the Registrar to ensure timely redresses and prompt investor service. Given below is the complaint history for the last three fiscal years:

Name of Scheme	01.04.07-31.03.2008		01.04.08-31.03.2009		01.04.09-31.03.2010	
	Received	Received	Redressed	Redressed	Received	Redressed
Baroda Pioneer ELSS '96	60	60	51	51	31	31
Baroda Pioneer Income Fund	-	-	-	-	-	-
Baroda Pioneer Gilt Fund	-	-	-	-	-	-
Baroda Pioneer Liquid Fund	-	-	-	-	10	10
Baroda Pioneer Balance Fund	-	-	-	-	1	1
Baroda Pioneer Growth Fund (Baroda Pioneer Diversified Fund and Baroda Pioneer Global Fund have merged into this Scheme)	57	57	89	89	103	103
Baroda Pioneer MIP Fund	-	-	-	-	-	-
Baroda Pioneer PSU Bond Fund	-	-	-	-	2	2

During the last 3 years, Baroda Pioneer Mutual Fund has received only 21 complaints through SEBI in respect of its various Schemes. All of them have been resolved satisfactorily. All the other complaints were resolved within a prescribed time. This reflects well on Baroda Pioneer MF's excellent investor service record.

Notwithstanding anything contained in the offer document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines there under shall be applicable.

Sd/-

Name: Rashmi Pandit
Designation: Company Secretary & Compliance Officer

Contact Information

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