

OFFER DOCUMENT

Offer Document

- Offer Document of a MF scheme is like a Prospectus issued by AMC inviting public to subscribe the units of MF scheme
- Discloses adequate information for investors to take informed investment decisions

Offer Document & KIM

- Offer Document
 - A Legal document
 - Issued by AMC on behalf of the Trustees
 - First time investors must read OD before making any investments
 - An important document for prospective investor
 - Offer Document describes the Product/Scheme
 - For Close Ended Fund issued at the time of launching a scheme
 - For Open Ended Fund revised every 2 years
- KIM (Key Information Memorandum)
 - An abridged version of Offer Document
 - A part of the Application Form
 - To be in the format as prescribed by SEBI

Offer Document

- Offer Document is prepared and issued by AMC
- Trustees approve the Offer Document
- Offer Document filed with SEBI with a fee of Rs. 25000/-
- SEBI cannot approve or disapprove an Offer Document
- Offer Document valid for 6 months for launching of scheme from the date of receipt of by AMC of SEBI letter containing observations. Thereafter fresh OD to be filled with SEBI
- Any modifications (if any) in the Offer Document are to be done within 21 days of its filing

Content of an Offer Document

- Summary information on Cover page:
 - Names of Trustees, AMC, Scheme, Period of Opening / Closing, Face value of unit , SEBI Disclaimer
- Risk factors: Standard & Scheme Specific
- Investment objectives & policies
- Legal & Regulatory Compliance Certificate
- Key Financial information on Schemes & Expenses for last 3 years
- Management of Funds: Name of Fund Managers
- Constitution of MF its Sponsors, Trustees, AMC & their functions
- Offer related information: Minimum Subscription amount

Financial Information in Offer Document

- Expenses
 - Sales load, Redemption load
 - Contingent Deferred Sales Charge
 - Estimated annual recurring expenses
 - Initial Issue Expenses for the scheme and for schemes launched during last one year
- Condensed financial information about schemes launched during last 3 years and their performance

Offer Document's Investment Objectives and Policies

- Description on type of Securities for investment
- Turnover Policies of Portfolio
- Policy of Diversification
- Limitations on Investments
- Percentage of Asset Allocation

Offer related Information in OD

- Minimum subscription amount
- Offer period : Calendar of opening, closing, allotment etc
- Winding up procedure of the scheme
- Different plans under the scheme
- Policies of Dividends and Distribution
- Procedure for transfer and transmission of units

Standard Risk factors in MF investing as per OD

- Meeting the objectives of the scheme is not guaranteed
- NAV can fluctuate depending upon Capital market movements
- Scheme name is not indicative of its quality or prospects
- Future performance of an AMC is not dependent on the Past Performance
- The Risk exposure is not guaranteed