



INVITES SUBSCRIPTIONS TO



Offer of Magnums / Units at face value of Rs. 10 /- each for cash during New Fund Offer Period and at applicable NAV during the Continuous Offer Period.

**New Fund Offer opens  
September 15, 2006**

**New Fund Offer closes  
October 13, 2006**

**Scheme reopens for continuous sale and repurchase  
on interval day from  
November 8, 2006**

## Offer Document

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### Sponsor

**State Bank of India ('SBI')**  
*Corporate Office:*  
State Bank Bhavan  
Madame Cama Road,  
Mumbai - 400 021

### Trustee Company

**SBI Mutual Fund Trustee Company  
Private Limited ('SBIMFTCPL')**  
*Registered Office:*  
191 E Maker Towers  
Cuffe Parade,  
Mumbai 400 005

### Asset Management Company

**SBI Funds Management  
Private Limited ('SBIFMPL')**  
(A joint venture between SBI and  
Société Générale Asset Management ('SGAM'))  
*Registered Office:*  
191 E Maker Towers  
Cuffe Parade, Mumbai 400 005

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Application Forms are available with AMFI Registered SBIFMPL Agents, Authorized Branches of SBI, SBIFMPL Investor Service Centres, SBIFMPL Investor Service Desks, SBIFMPL overseas point of acceptance & SBIFMPL Corporate Office. Application Forms are also available at our website [www.sbimf.com](http://www.sbimf.com)

This offer document sets forth concisely information about the Scheme that a prospective investor ought to know before investing. The scheme particulars have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with SEBI. The Magnums/Units being offered for public subscription have not been approved or disapproved by the SEBI nor has the SEBI certified the accuracy or adequacy of the offer document. The investors are required to read the terms of offer carefully before investing. The offer document should be retained by the investors for future reference. The offer document shall remain effective till a revised version is printed. Till the time the Offer Document is reprinted, an addendum giving details of each of the changes will be attached to the Offer Document, be filed with SEBI and circulated to the Magnum/Unit holders. Investors may also like to ascertain about any further changes after the date of this Offer Document from the Asset Management Company/its Investor Service Centres/distributors or brokers. This Offer Document is dated September 13, 2006.



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## II. DEFINITIONS AND EXPLANATIONS OF TERMS USED

<b>Business Day</b>	: A day other than (i) Saturday or Sunday; (ii) a day on which both the National Stock Exchange and the Bombay Stock Exchange are closed (iii) a day on which the Purchase/Redemption/Switching of Units is suspended (iv) a day on which banks in Mumbai and / RBI are closed for business/clearing (v) A day on which normal business cannot be transacted due to storms, floods, natural calamities, bandhs, strikes or such other events as the AMC may specify from time to time.
<b>Contingent Deferred Sales Charge (CDSC)</b>	: CDSC is a charge imposed when the Magnums/Units are redeemed within the first four years of Unit ownership. Under the SEBI Regulations, the Fund can charge CDSC to Magnum / Unit holders exiting from the scheme within 4 years of entry. The SEBI Regulations mandates the maximum amount that can be charged in each year.
<b>Date of Application</b>	: The date of receipt of a valid application complete in all respects for purchase or redemption/switch (depending upon the context) of Magnums/Units of the scheme by SBIFMPL Corporate Office/SBIFMPL Investor Service Centres/Investor Service Desks, SBIFMPL overseas point of acceptance or the designated centres of the Registrar.
<b>Derivatives</b>	: Derivatives are financial contracts of pre-determined fixed duration like stock future/options and index futures and options whose values are derived from the value of an underlying primary financial instrument such as: interest rates, exchange rates, commodities, and equities.
<b>Equity and Equity Related Instruments</b>	: Instruments include stocks and shares of companies, foreign currency convertible bonds, derivative instruments like stock future/options and index futures and options, warrants, convertible Preference Shares.
<b>Entry Load</b>	: Entry Load means a one-time charge that the investor pays at the time of entry into the scheme(s).
<b>Exit Load</b>	: A charge paid by the investor at the time of exit from the scheme(s).
<b>Foreign Currency Convertible Bonds</b>	: A type of bond that has an option, which can be exercised by the owner of the bond to convert the bond into the equity of the issuer. Such an instrument when denominated in a foreign currency would be a Foreign Currency Convertible Bond (FCCB).
<b>Forward Rate Agreement/FRA</b>	: A FRA is an agreement to pay or receive the difference between the agreed fixed rate and actual interest prevailing at a stipulated future date. The interest rate is fixed now for a future agreed period wherein only the interest is settled between the counter parties.
<b>Gilts / Govt. Securities</b>	: Securities created and issued by the Central Government and/or State Government, as defined under section 2 of Public Debt Act 1944 as amended or re-enacted from time to time.
<b>Interest Rate Swaps</b>	: IRS is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions till maturity. Typically, one party receives a pre-determined fixed rate of interest while the other party receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets.
<b>Interval Day</b>	: The interval day for redemption/switch would be the settlement Thursday (the settlement day for derivatives segment in the NSE which is currently last Thursday of the month) or any other day which is declared as the settlement day for derivatives segment by the NSE.
<b>Investment Management Agreement/IMA</b>	: The restated and amended IMA dated December 29, 2004 entered into between SBI Mutual Fund Trustee Company Pvt. Ltd. and SBI Funds Management Pvt. Ltd. as amended from time to time.
<b>ISCs/ISDs</b>	: Investor Service Centres/Investor Service Desks opened by SBIFMPL at various locations in India.
<b>Magnum Holder / Unit Holder</b>	: Any eligible applicant who has been allotted and holds a valid Magnum / Unit in his/her/its name.
<b>Magnum / Unit</b>	: One undivided unit issued under the scheme by SBI Mutual Fund.
<b>Major</b>	: means the age at which a person is deemed to attain majority under the provisions of the Indian Majority Act, 1875, as amended from time to time.
<b>Majority Age</b>	: means the attainment of 18 years of age by the Magnum Holder / Unit Holder.
<b>Money Market Instruments</b>	: Commercial Paper, Commercial Bills, Certificates of Deposit, Treasury Bills, Bills Rediscounting, Repos, Collateralised Borrowing & Lending Obligation (CBLO), Government securities having an unexpired maturity of less than 1 year, Call or notice money, Usance Bills and any other such short-term instruments as may be allowed under the regulations prevailing from time to time.

## SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT

<b>NAV related price</b>	: The Repurchase Price and the Sale Price are calculated on the basis of NAV and are known as NAV related prices. The repurchase price is calculated by deducting the exit load factor (if any) from the NAV and the sale price is calculated by adding the entry load factor (if any) to the NAV.
<b>NFO</b>	Means New Fund Offer when the Magnums/Units are issued at face value of Rs. 10 /- each at cash
<b>Net Asset Value / NAV</b>	: Net Asset Value of the Units of the Scheme(s) (including plans / options thereunder) calculated in the manner provided in this Offer Document or as may be prescribed by the Regulations from time to time.
<b>No Entry Load</b>	: It means that no sales load is charged to the investor at the time of entry.
<b>No Exit Load</b>	: It means that no redemption/exit load is charged to the investor at the time of exit.
<b>Non Resident Indian / NRI</b>	: A person resident outside India who is a citizen of India or is a person of Indian origin as per the meaning assigned to the term under Foreign Exchange Management Act and Regulations issued thereunder.
<b>NSE MIBOR</b>	: NSE MIBOR is an acronym for National Stock Exchange (NSE) Mumbai Inter Bank Offer Rate. This rate is computed by NSE on basis of indication by various market participants and published daily.
<b>NSE</b>	: The National Stock Exchange, Mumbai.
<b>Offer Document/the Scheme</b>	: SBI Arbitrage Opportunities Fund (SAOF) of SBI Mutual Fund. (An open ended scheme). This document issued by SBI Mutual Fund, containing the terms of offering Magnums / Units of the scheme of SBI Mutual Fund for subscription as per the terms contained herein. On issuance and attachment of addendum, the offer document will be deemed to be an updated offer document.
<b>Options</b>	: An Option gives holder the right (but not the obligation) to buy or sell a security or other asset during a given time for a specified price called the 'Strike' price.
<b>Permissible Investment</b>	: Collective or group investments made on account of the Magnum / Unit holders of the Fund in accordance with the SEBI Regulations.
<b>Purchase Price</b>	: The price (being Applicable NAV plus Entry Load) at which the Units can be purchased and calculated in the manner provided in this Offer Document.
<b>RBI</b>	: Reserve Bank of India, established under Reserve Bank of India Act, 1934.
<b>Redemption Price</b>	: The price (being Applicable NAV minus Exit Load / CDSC) at which the Units can be redeemed and calculated in the manner provided in this Offer Document.
<b>Registrars</b>	: The registrars and transfer agents to the scheme whose appointment is approved by the Trustees of SBI Mutual Fund. This is disclosed under the section "Management of the Fund" in the Offer Document.
<b>Repos</b>	: Sale of Government Securities with simultaneous agreement to repurchase them at a later date.
<b>Repurchase Price</b>	: Repurchase price is the price at which an investor redeems his/her/its Magnums/Units in the scheme(s).
<b>Reverse Repos</b>	: Purchase of government securities with simultaneous agreement to sell them at a later date.
<b>Sale Price</b>	: The Sale Price is the price an investor pays for a Magnum / Unit of the scheme at the time of entry.
<b>SBIMFTCPL/The Trustees</b>	: SBI Mutual Fund Trustee Company Private Limited, a wholly owned subsidiary of SBI, incorporated under the provisions of the Companies Act, 1956. The registered office of SBIMFTCPL is situated at 191, Maker Tower 'E', Cuffe Parade, Mumbai 400 005. SBIMFTCPL is the Trustee to the Mutual Fund vide the Restated and Amended Trust Deed dated December 29, 2004, to supervise the activities of the Fund as disclosed in the section "Constitution of the Mutual Fund" in the Offer Document.
<b>SEBI</b>	: Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992.
<b>SEBI Regulations or Regulations</b>	: Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 for the time being in force and as amended from time to time.
<b>Securitized Debt</b>	: A financial instrument (Bond) whose interest and principal payments are backed by an underlying cash flow from another asset. More information on this asset class is disclosed in the Section on 'Investment Objectives and Policies'.

<b>SGAM</b>	: Société Générale Asset Management S.A., an Asset Management Company incorporated in France and having its registered office at Immeuble SGAM, 170 Place Henri Regnault - La Defense 6, 92043 Paris - La Defense Cedex - France.
<b>Sponsor / Settlor</b>	: State Bank of India, having its Corporate Office at State Bank Bhavan, Madame Cama Road, Mumbai - 400 021, which has made an initial contribution of Rs. 5 lacs towards the trust fund and has appointed the Trustees to supervise the activities of the Fund.
<b>Switch</b>	: Redemption of a unit in any scheme (including the plans therein) of the Mutual Fund against purchase of a unit in another scheme (including the plans therein) of the Mutual Fund, subject to completion of lock-in period, if any of the units of the scheme(s) from where the units are being switched.
<b>The Asset Management Company (AMC) / Investment Manager / SBIFMPL</b>	: SBI Funds Management Private Limited ('SBIFMPL'), the Asset Management Company, incorporated under the Companies Act, 1956 and authorized by SEBI to act as Investment Manager to the Schemes of SBI Mutual Fund
<b>The Auditors</b>	: The statutory auditors to the scheme whose appointment is approved by the Trustees of SBI Mutual Fund. This is disclosed under the section "Management of the Fund" in the Offer Document.
<b>The Custodians</b>	: The custodians to the scheme(s) whose appointment is approved by the Trustees of SBI Mutual Fund. This is disclosed under the section "Management of the Fund" in the Offer Document.
<b>The Fund</b>	: means SBI Mutual Fund (SBIMF); constituted as a Trust with SBI as the Principal Trustee under the provisions of Indian Trusts Act, 1882, and registered with SEBI.
<b>The Offer</b>	: The issue of Magnums/Units of the scheme(s) as per the terms contained in this Offer Document.
<b>Trust Deed</b>	: The restated and amended Trust Deed dated December 29, 2004 entered into between State Bank of India and Board of Trustees of SBI Mutual Fund and SBI Mutual Fund Trustee Company Pvt. Ltd.
<b>Unit Capital</b>	: The aggregate face value of the Magnums/Units issued and outstanding under the scheme(s).

### III. RISK FACTORS

#### 1. Standard Risk Factors

- a. Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the Fund's objective will be achieved.
- b. As with any investment in securities, the NAV of the Magnums/Units issued under the scheme(s) can go up or down depending on the factors and forces affecting the capital markets.
- c. Past performance of the Sponsor / AMC / Mutual Fund or its affiliates does not guarantee or indicate the future performance of the scheme(s) of the Mutual Fund.
- d. State Bank of India, the sponsor, is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution made by it of an amount of Rs. 5 lakhs towards setting up of the mutual fund.
- e. SBI Arbitrage Opportunities Fund is only the name of the scheme and does not, in any manner, indicate either the quality of the scheme or its future prospects and returns.
- f. As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non fulfillment with either of the above two conditions in a three month time period or the end of the succeeding calendar quarter, whichever is earlier, from the close of the New fund offer of openended schemes or on an ongoing basis for each calendar quarter, the schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investor's money would be redeemed at applicable NAV.

SEBI has provided further clarifications vide circular SEBI/IMD/Cir No. 1/42529/05 dated 14th June 2005 in respect to determining the breach of the 25% limit by an Investor - (i) the earlier circular would be applicable at the portfolio level. (ii) The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor will be computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period.

#### 2. Scheme-specific Risk Factors

- a. The Trustees, AMC, Fund, their directors or their employees shall not be liable for any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the Offer Document.

- b. Redemption by the Magnum / Unit Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund their directors or their employees shall not be liable for any tax consequences that may arise.
- c. The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant condition. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors and Magnum / Unit Holders should be aware that the relevant fiscal rules or their interpretation may change. As in the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of the investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Magnum / Unit Holder is advised to consult his/her/its own professional tax advisor.
- d. SBI Arbitrage Opportunities Fund would be investing in equity & equity related instruments, including derivatives, debt and money market instruments. The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees have the right in their sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.
- e. Stock Lending: There are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement. Such failure can result in the possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing thereon.
- f. Investments under the scheme may also be subject to the following risks:
  - i. Equity and equity related risk: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments.
  - ii. Credit risk: Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.
  - iii. Liquidity Risk pertains to how saleable a security is in the market. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security.

- iv. Interest Rate risk is associated with movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc. The values of investments will appreciate/depreciate if the interest rates fall/rise.
- v. Reinvestment risk: This risk arises from uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.
- vi. Derivative risks: The derivatives will entail a counterparty risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.
- g. Different types of securities in which the scheme would invest as given in the Offer Document carry different levels of risk. Accordingly the scheme's risk may increase or decrease depending upon the investment pattern. For e.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risk than bonds, which are AA rated.
- h. The Mutual Fund is not assuring any dividend nor is it assuring that it will make any dividend distributions. All dividend distributions are subject to the availability of distributable surplus and would depend on the performance of the scheme.

### 3. Notification for Prevention of Money Laundering Act

The AMC shall comply with all applicable anti money laundering law and regulations in all of its operations. The

Prevention of Money Laundering Act, 2002 and the rules under it have been notified in the Gazette and made effective from July 1, 2005.

### 4. Know your Customer (KYC) Note

The need to "Know Your Customer" notification for the prevention of money laundering is also applicable in all of the AMC's operations. The AMC may seek information or obtain and retain documentation used to establish identity. It may reverify identity and obtain any missing or additional information for this purpose.

The AMC shall have absolute discretion to reject any application, prevent further transactions by a Magnum / Unit Holder, if after due diligence, the investor / Magnum Holder/ Unit Holder / a person making the payment on behalf of the investor does not fulfill the requirements of the "Know Your Customer" or the AMC believes that the transaction is suspicious in nature as regards money laundering. In this behalf the AMC reserves the right to reject any application and make a mandatory redemption of units allotted at any time within a reasonable time period from the date of the application. If the payment for purchase of Magnums/Units are made by a third party (e.g. a Power of Attorney Holder, a Financing agency, a relative, etc.), the Magnum/Unit Holder may be required to give such details of such transaction so as to satisfy the AMC of the source and / or consideration underlying the transaction.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other implications/considerations of subscribing to or redeeming Magnums/ Units, before making a decision to invest/redeem Magnums/ Units.

Investors should study the Offer Document carefully in its entirety and should not construe thereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other implications/considerations of subscribing to or redeeming Magnums/ Units, before making a decision to invest/redeem Magnums/ Units.

## IV. HIGHLIGHTS OF THE SCHEME

<b>Type of Scheme</b>	An open ended scheme
<b>Investment Objective</b>	To provide capital appreciation and regular income for unitholders by identifying profitable arbitrage opportunities between the spot and derivative market segments as also through investment of surplus cash in debt and money market instruments.
<b>Investment in</b>	A diversified basket of equity & equity related instruments, derivative instruments and debt and money market instruments in accordance with the asset allocation pattern.
<b>Liquidity</b>	Fresh Purchases and Redemptions at prices related to Applicable NAV. The interval day for redemption/switch would be the settlement Thursday (the settlement day for derivatives segment in the NSE which is currently last Thursday of the month) or any other day which is declared as the settlement day for derivatives segment by the NSE.
<b>Fund Manager(s)</b>	Mr. David Pezarkar and Mr. Killol Pandya
<b>Benchmark Index</b>	CRISIL Liquid Fund Index
<b>Options</b>	Growth Option and Dividend Option. Under the Dividend option, facility for reinvestment/payout of dividend available.
<b>Dividend Frequency</b>	Frequency At the discretion of the Trustee. Dividends will be declared subject to availability and adequacy of surplus in the Scheme.
<b>SIP/SWP/STP Facilities</b>	Available after the reopening of the Scheme on an ongoing basis (subject to load structure for SIP / STP transactions)
<b>Minimum Investment Size Initial Purchase (Non SIP)</b>	Rs. 25000/-
<b>Additional Purchase (Non-SIP)</b>	Rs. 1,000/-
<b>SIP Purchase (facility not available during NFO Period)</b>	<p>Minimum investment under SIP is Rs. 30,000</p> <p>(a) every month for six months (subject to a minimum of Rs. 5000 and in multiples of Rs. 500)</p> <p>(b) every month for one year (subject to a minimum of Rs. 2500 and in multiples of Rs. 500) This facility is available only at the designated collection centre locations.</p> <p>(c) Every quarter for atleast one year (subject to minimum of Rs. 7500 and in multiples of Rs. 500)</p> <p>Investors can subscribe to the SIP either through - Easy Pay Facility through Auto Debit or Post Dated Cheques.</p>
<b>Minimum Redemption size in Rupees (Non-SWP/STP)</b>	Rs.1000/-
<b>Minimum Redemption size in Magnum/Units (Non SWP/STP)</b>	100
<b>Cheques/Draft in favour of</b>	"SBI Arbitrage Opportunities Fund"
<b>Switches</b>	Allowed
<b>Load Structure (For Normal &amp; SIP/STP Transactions)</b>	<p>For investments below Rs. 50 lakhs</p> <ul style="list-style-type: none"> <li>● Entry Load - Nil</li> <li>● Exit Load - 0.25% for exit up to and including 20th April 2007 (during NFO) *</li> </ul> <p>For investments of Rs. 50 lakhs and above</p> <ul style="list-style-type: none"> <li>● Entry Load - Nil</li> <li>● Exit Load - Nil</li> </ul> <p>* On an ongoing basis there will be an Exit Load of 0.25% for exit within 6 months from the date of Allotment.</p>

**Cut off times**

For Redemption Application :

All repurchase requests received under the scheme till upto 3:00 p.m. on the Friday (in case such Friday is a holiday, then the last business day) of the week preceding the interval day would be processed at the NAV (with applicable exit load) of the interval day. The interval day would be the settlement Thursday (the settlement day for derivatives segment in the NSE which is currently last Thursday of the month) or any other day which is declared as the settlement day for derivatives segment by the NSE.

For Purchase Application :

The purchase request received upto 3.00 p.m. on each Business Day would be processed at the NAV applicable for the same day and the purchase request received after 3.00 p.m. would be processed at the NAV applicable for the next Business Day.

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**Tax Treatment**

For detailed tax treatment, please refer Section No. XX.

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**V. DUE DILIGENCE CERTIFICATE**

It is confirmed that:

- I. The draft offer document forwarded to SEBI is in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, and the guidelines and directives issued by SEBI from time to time;
- II. All legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- III. The disclosures made in the offer document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme;
- IV. All the intermediaries named in the offer document are registered with SEBI and till date such registration is valid.

For SBI Funds Management Private Limited

Signature : sd/-

Name : **Deepak Chawla**  
Managing Director

Date : September 13, 2006

Place: Mumbai.

## VI. CONSTITUTION OF THE MUTUAL FUND

### 1. The Fund

SBI Mutual Fund has been constituted as a Trust, sponsored by SBI. SBI has made an initial contribution of Rs. 5 lacs towards setting up of the Mutual Fund. SBI has been designed as the Principal Trustee and has appointed SBIMFTCPL to supervise the activities of the Fund. SBIMFTCPL has entrusted the work of management of the Fund to SBI Funds Management Private Limited, an Asset Management Company. SEBI vide letter dated December 23, 1993 has registered the Fund under registration No. MF/009/93/3.

### 2. Objective of SBIMF

The primary objective of any Mutual Fund is to provide a vehicle for investors to avail of the opportunities offered by the capital market and money market. SBIMF was also formed with this objective in mind. Our aim is to provide such opportunity even to the smallest investor in urban as well as rural areas and offer an opening to employ his funds profitably.

### 3. The Sponsor

The State Bank of India or SBI having its Corporate Office at State Bank Bhavan, Madame Cama Road, Mumbai - 400 021, is the largest public sector bank in India with 9177 branches in India and 70 offices in 30 countries worldwide. SBI also has 7 associates and 1 banking subsidiary in addition to other nonbanking subsidiaries in India. State Bank of India holds 63% stake in SBI Funds Management Private Limited.

### 5. Board of Directors of SBIMFTCPL

The Board of Directors of SBIMFTCPL consists of the following eminent persons:

Name	Address	Principal Occupation	Current Directorships
<b>Dr. Arvind Virmani</b> Chairman, Trustee (Independent)	Planning Commission Room No. 204, Yojana Bhavan, Parliament Street, New Delhi - 110 001	Principal Advisor, Planning Commission	1. Member, Centre for Policy Research (New Profit Society) 2. Member, Life Insurance Corporation of India
<b>Dr. (Smt.) Malati Anagol</b> Trustee (Independent)	Konark Villa No. 22 Telera Park Co-op Housing Society, Kalyani Nagar, Pune - 411 006	Economist	1. Director, Imeco Ultrasonics Pvt. Ltd. 2. Director, Imeco Cleaning & Welding Equipments (P) Ltd.
<b>Prof. S. K. Barua</b> Trustee (Independent)	Indian Institute of Management, Vastrapur, Ahmedabad - 380 015	Professor, IIM, Ahmedabad	1. Director, Indian Oil Corporation Ltd. 2. Director, Securities Trading Corporation of India
<b>Shri Raj Nair</b> Trustee (Independent)	Avalon Consulting, 309/310, Mhatre Pen Building, Senapati Bapat Marg, Dadar (W), Mumbai 400 028.		1. Independent Director, Mastek Ltd. 2. Chairman, Stratbiz Consulting Pvt. Ltd. 3. Chairman, UGAM Solutions Pvt. Ltd.

Shri S. K. Hariharan has ceased to be Director of SBIMFTCPL. SBI has therefore nominated Shri Y. Vijay Anand as an Associate Director of SBIMFTCPL which is pending for SEBI approval.

Apart from one nominee member of State Bank of India, no other Trustee is an Associate of the Sponsor or the AMC.

The financial performance of SBI is summarized below:

Year ended March 31st	2006	2005	2004
Turnover / Total Income (Rs. CR.)	43184	39548	38073
Profit after Tax (Rs. Cr.)	4406	4304	3681
Equity Capital (Rs. Cr.)	526.30	526.30	526.30
Free Reserves (Rs. Cr.)	27117	23545	19705
Net Worth (Rs. Cr.)	27644	24072	20231
Deposits (Rs. Cr.)	380046	367048	318619
Earning Per Share (Rs.)	83.73	81.79	69.94
Book Value per share (Rs.)	525.25	457.38	384.62
Capital adequacy Ratio (%)	11.88	12.45	13.53
Dividend Paid (%)	140	125	110

### 4. The Trustee

SBI Mutual Fund Trustee Company Private Limited ('SBIMFTCPL'), a wholly owned subsidiary of SBI, incorporated under the provisions of the Companies Act, 1956. The registered office of SBIMFTCPL is situated at 191, Maker Tower 'E', Cuffe Parade, Mumbai 400 005. SBIMFTCPL is the Trustee to SBI Mutual Fund vide the Restated and Amended Trust Deed dated December 29, 2004, to supervise the activities of the Fund as disclosed hereunder.

**6. Duties and Obligations of Trustees and Substantial Provisions of the Trust Deed:**

The Board of Trustees monitors the activities of the AMC. In the last financial year, the Board of Trustees met 6 times. Periodic reports, including quarterly reviews of each scheme, are submitted by the AMC to the Trustees. Specific approval of the Trustees is obtained on important matters such as a new scheme design and launch.

Under the Trust Deed constituting the Mutual Fund and SEBI (Mutual Fund) Regulations, 1996, the Trustees have several rights, duties and obligations including the following:

- a. To enter into an investment management agreement with the AMC with the prior approval of SEBI.
- b. To ensure that the investment management agreement contains such clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Fund) Regulations, 1996 and such other clauses as are necessary for the purpose of making investment.
- c. To ensure before the launch of any scheme that the AMC has: -
  - i. systems in place for its 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 qualifications, 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 to comply with regulatory requirements;
  - v. appointed registrars and laid down parameters for their supervision;
  - vi. prepared a compliance manual and designed internal control mechanisms including audit systems;
  - vii. specified norms for empanelment of brokers and marketing agents.
- d. To ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- e. To ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to the interest of the Magnum / Unit holders.
- f. To ensure that the transactions entered into by the asset management company are in accordance with SEBI (Mutual Fund) Regulations, 1996 and the scheme.
- g. 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 investors of one scheme are not being compromised with those of any other scheme or of other activities of the asset management company.
- h. To ensure that all activities of the AMC are in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.
- i. Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with SEBI (Mutual Fund) Regulations, 1996 and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the SEBI of the violation and the action taken by them.
- j. To file the details of his/her holdings in securities on a quarterly basis with the trust.
- k. To be accountable for, and be the custodian of, the funds and property of the respective schemes and to hold the same in trust or the benefit of the unit holders in accordance with SEBI (Mutual Fund) Regulations, 1996 and the provisions of trust deed.
- l. To take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- m. 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 holders of the units of any scheme in accordance with SEBI (Mutual Fund) Regulations, 1996 and the trust deed.
- n. To obtain the consent of the Magnum / Unit holders :-
  - i. whenever required to do so by the SEBI in the interest of the Magnum / Unit holders; or
  - ii. whenever required to do so on the requisition made by three fourths of the Magnum / Unit holders of any scheme; or
  - iii. when the majority of the trustees decide to wind up or prematurely redeem the units;
- o. To call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to the SEBI, as and when required.
- p. To quarterly review all transactions carried out between the mutual fund, Asset Management Company and its associates.
- q. To continuously 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.
- r. 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 Magnum / Unit holders.
- s. To ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the Magnum / Unit holders.
- t. To periodically review the investor complaints received and the redressal of the same by the AMC.

- u. To abide by the Code of Conduct as specified in the fifth schedule of SEBI (Mutual Fund) Regulations, 1996.
  - v. To furnish to the SEBI on a half yearly basis: -
    - i. a report on the activities of the mutual fund;
    - ii. a certificate stating that the trustees have satisfied themselves that there have been no instances 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 (Mutual Fund) Regulations, 1996 have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the Magnum / Unit holders are protected.
  - w. The independent Trustees 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.
  - x. The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of Magnum / Unit holders, shall be carried out unless, a written communication about the proposed change is sent to each Magnum / 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 the Magnum / Unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.
- (iii) The trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
  - (iv) The trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
  - (v) The Trustees shall arrange for test checks of service contracts.
  - (vi) Trustees shall immediately report to Board of any special developments 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 decisions of the Trustees at their meetings and of the minutes of the meetings.
  - (vi) Prescribe and 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
  - (viii) Checking on the rectification of deficiencies.

Explanation: For the purposes of this clause "fundamental attributes" means the investment objectives and terms of a scheme as defined later in the offer document under the section "Investment Objectives and Policies".

As per the sub-regulation (25), the Trustees shall exercise due diligence as under:

**A. General Due Diligence:**

- (i) the Trustees shall be discerning in the appointment of the directors on the Board of the 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 new schemes.

**7. Trusteeship Fees**

As per the provisions of the Trust Deed, the Trustees, viz., SBIMFTCPL is entitled to a trusteeship fee of 0.01% p.a. of net asset value of each scheme, subject to a minimum fee of Rs. 15 lakhs to be allocated across schemes in proportion to their weekly average NAV. Fees, however, can be modified with the approval of the Trustees within reasonable limits

**8. Modifications to the Trust Deed**

No amendments to the Trust Deed will be carried out without the prior approval of SEBI and the Magnum / Unit holders' approval would be obtained where it affects the interests of the Magnum / Unit holder.

## VII. MANAGEMENT OF THE FUND

The Board of Directors of SBIMFTCPL have entrusted the management of the Fund to SBI Funds Management Private Ltd., the AMC. Further details regarding the set up are furnished in the following paragraphs.

### 1. About the AMC

SBI Funds Management Private Limited (SBIFMPL), a company incorporated under the Companies Act, 1956, having its Registered Office at 191, Maker Towers "E", 19th Floor, Cuffe Parade, Mumbai 400 005 is a Joint Venture between SBI and SGAM. As per the audited accounts on 31st March, 2006, the authorized and paid-up capital of the AMC was Rs. 50 crores and the Networth of the AMC was Rs. 77.99 Crores. Pursuant to the Shareholders and Share Purchase Agreement dated November 5, 2004 entered into between State Bank of India (SBI), Societe Generale Asset Management (SGAM), Societe Generale S.A. and SBI Funds Management Private Limited (SBIFMPL), 37% of the paid up share capital of the AMC (i.e. 18, 50,000 equity shares of Rs. 100/- each) had been transferred by SBI to SGAM on December 21, 2004. Accordingly SBI currently holds 63% stake in SBI FMPL and the 37% stake is held by SGAM.

SBIFMPL had entered into an Investment Management Agreement with the Trustees of SBI Mutual Fund on May 14, 1993 and also a supplemental thereto on April 28, 2003 and the same have been replaced by Restated and Amended Investment Management Agreement entered into between SBIMFTCPL and SBIFMPL on December 29, 2004. In terms of this Agreement, SBIFMPL has assumed the day to day investment management of the fund and in that capacity makes investment decisions and manages the SBI Mutual Fund Schemes in accordance with the scheme objectives, Trust Deed, provisions of Investment Management Agreement and SEBI Regulations & Guidelines.

To date, SBIFMPL has successfully launched and managed 50 schemes (including 3 offshore funds) of SBI Mutual Fund of which 26 (including 2 offshore funds) schemes have been redeemed. Of the 24 schemes still being managed, 22 are open-ended schemes and the rest are close-ended schemes, with total net assets of around Rs. 15119.56 Crores (as on August 31, 2006).

SBI Mutual Fund currently does not manage any assured returns scheme.

### 4. Board of Directors

The Board of Directors of SBIFMPL comprises the following eminent persons:

Name	Address	Principal Occupation	Current Directorships
<b>Mr. O. P. Bhatt</b> (Associate Director)	State Bank of India, Corporate Centre, Madame Cama Road, Nariman Point, Mumbai - 400 021	Chairman, State Bank of India	<ol style="list-style-type: none"> <li>1. Chairman, State Bank of India</li> <li>2. Chairman, State Bank of Bikaner &amp; Jaipur</li> <li>3. Chairman, State Bank of Hyderabad</li> <li>4. Chairman, State Bank of Indore</li> <li>5. Chairman, State Bank of Mysore</li> <li>6. Chairman, State Bank of Patiala</li> <li>7. Chairman, State Bank of Saurashtra</li> <li>8. Chairman, State Bank of Travancore</li> </ol>

In addition to the investment management activity, SBI Funds Management Private Limited has also been granted a certificate of registration as a Portfolio Manager with Registration Code INP000000852. Under SEBI (Portfolio Managers) Regulations 1993, the Certificate of Registration is valid for a period of three years upto 15th January 2007.

Apart from this SBI Funds Management Private Limited has received an 'In-principle' approval from SEBI for SBI Resurgent India Opportunities Fund (Offshore Fund) vide letter no. IMD/RK/53940/2005 dated November 16, 2005.

The AMC certifies that there would be no conflict of interest between the Asset Management activity and the Portfolio Management / offshore fund activity.

### 2. Société Générale Asset Management (SGAM)

SGAM having its Registered Office at Immeuble SGAM, 170 Place Henri Regnault - La Defense 6, 92043 Paris - La Defense Cedex - France is a subsidiary of Societe Generale Group, which established one of the first French mutual funds in the year 1964. SGAM was established in 1996 and took over the asset management activities of Societe Generale group. SGAM is present in all major international markets. SGAM offers private and corporate clients and international institutional investors a wide range of investment products and services to fulfill their specific requirements.

The Societe Generale (SG) Group is one of the well-known financial services groups in the euro zone. The Group employs over 88,000 people worldwide across 3 core businesses of retail banking and financial services, global investment management and services and corporate and investment banking. The retail banking and financial services business line serves over 15 million customers spread across 32 countries.

### 3. AMC Fees

For management of the above funds, the AMC at present charges a fee not exceeding 1.25% of the weekly average NAV of each scheme, which is charged to the respective scheme.

In future, the AMC may modify the fee from scheme to scheme, within the limits specified in the Regulations and disclosed in the offer documents of the respective schemes.

Name	Address	Principal Occupation	Current Directorships
			9. Chairman, SBI Capital Markets Ltd. 10. Chairman, SBI DFHI 11. Chairman, SBI Factors & Commercial Services Pvt. Ltd. 12. Chairman, SBI Life Insurance Company Ltd. 13. Chairman, SBI Caps Venture Ltd. 14. Chairman, State Bank of India (California) 15. Director, Export Import Bank of India
<b>Mr. Ashwin Dani</b> (Independent Director)	Asian Paints (India) Limited, 6/A, Shantinagar Vakola Pipeline Road, Santacruz (East), Mumbai - 400 055.	Vice Chairman & Managing Director, Asian Paints (India) Limited	1. Director, Asian Paints (I) Ltd. 2. Director, Hitech Plast Ltd. 3. Director, Gujarat Organics Ltd. 4. Director, Resins and Plastics Ltd. 5. Director, Asian Paints Industrial Coatings Ltd. 6. Director, Asian PPG Industries Ltd. 7. Director, SUN Pharmaceutical Industries Ltd. 8. Director, Asian Paints (Queensland) Pvt. Ltd.
<b>Mr. Pradeep Mallick</b> (Independent Director)	A/2, Pallonji Mansion, 43 Cuffe Parade, Mumbai - 400 005	–	1. Chairman, ACCOR Radhakrishna Corporate Services Pvt. Ltd. 2. Director, AVAYA GlobalConnect Ltd. 3. Director, Beck India Ltd. 4. Director, Blue Star Limited 5. Director, Bry Air (Asia) Pvt. Ltd. 6. Director, DISA India Ltd. 7. Director, ESAB India Ltd. 8. Director, Maersk India Pvt. Ltd. 9. Director, Pragati Leadership Institute Pvt. Ltd. 10. Director, Tube Investments of India Ltd.
<b>Mr. Deepak Chawla</b> (Associate Director)	SBI Funds Management Private Limited, 191, Maker Towers 'E', Cuffe Parade, Mumbai - 400 005.	Managing Director & CEO, SBI Funds Management Private Limited	–
<b>Mr. Alain Clot</b> (Associate Director)	Societe Generale Asset Management Immeuble SGAM 170 Place Henri Regnault - La Defense 692043 Paris - La Defense Cedex - France	SGAM Group CEO and Member of SG Group Management Committee	1. Director, SGAM Alternate Investments 2. Director, SGAM Finance 3. Director, Barep Asset Management 4. Director, SGAM Index 5. Invest Liquidities Euros 6. Chairman, VOURIC
<b>Mr. Christian d'Allest</b> (Associate Director)	Societe Generale Asset Management Immeuble SGAM 170 Place Henri Regnault - La Defense 692043 Paris - La Defense Cedex - France	Director International Network and Member of the Executif Committee, SGAM	1. Director, SGAM Egypt 2. Director, SG Asset Management, Inc. 3. Director, SGAM (Asia) Pte Ltd. 4. Director, SGAM BRD 5. Director, SGAM Fund 6. Director, SGAM Group Ltd 7. Director, SGAM Hong-Kong 8. Director, SGAM Ireland 9. Director, SGAM Japon 10. Director, SGAM Luxembourg 11. Director, SGAM North Pacific Ltd 12. Director, SGAM Singapour Ltd

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<b>Name</b>	<b>Address</b>	<b>Principal Occupation</b>	<b>Current Directorships</b>
			13. Director, Socgen International SICAV 14. Director, SOGEACTIONS Marches Emergents 15. Director, Sogecapital 16. Director, Veritas SG 17. Director, SGAM Bahrain 18. Director, SG Asset Mgt Emerging Mkts Ltd. 19. Sogenal Europe 20. SGAM Greece
<b>Mr. P. G. Kakodkar</b> (Independent Director)	6, Palm Grove Behind Hotel Goa International Miramar Tonca, Panaji Goa 403 002	Ex-Chairman, State Bank of India	1. Director, Goa Carbon Ltd. 2. Director, Sesa Goa Ltd. 3. Director, Sesa Industries Ltd. 4. Director, Fomento Hotels and Resorts Ltd. 5. Director, Mastek Ltd. 6. Director, Hexaware Technologies Ltd. 7. Director, Financial Technologies (India) Ltd. 8. Director, Uttam Galva Steel Ltd. 9. Director, Centrum Capital Ltd. 10. Director, Auditime Information Systems (P) Ltd. 11. Chairman, IBS Forex Ltd. 12. Director, Multi Commodity Exchange of India Ltd.

**5. Key Personnel**

The day-to-day operations of the AMC are looked after by experienced and qualified professionals, consisting of senior officials on deputation from the State Bank of India as well as directly recruited officials of the AMC.

**a. The top key management personnel of SBI Funds Management Pvt. Ltd. are**

<b>Name &amp; Age</b>	<b>Designation</b>	<b>Educational Qualifications</b>	<b>Business Experience</b>
<b>Mr. Deepak Chawla</b> 58 years Associated with SBIFMPL since January 2006	Managing Director & Chief Executive Officer	M.A. (Economics), CAIIB	Mr. Chawla started his career with State Bank of India in 1972. He has over 33 years of banking experience. Prior to joining SBI Funds Management Private Limited, Mr. Chawla was working as Chief General Manager, Kerala Circle of SBI. His banking experience includes a stint in the Banks Management Audit Department, SBI Capital Market Ltd.
<b>Mr. Didier Turpin</b> (Alternate Director to Mr. Christian d'Allest) 49 years Associated with SBIFMPL since December 2004	Deputy Chief Executive Officer	Expert comptable memorialiste (equivalent Chartered Accountant) DESS in Business Law (equivalent to MBA) (Paris I Sorbonne)	Experience of over 16 years with Société Générale Group, France, in various areas in the securities industry, including over 10 years experience in the Asset Management Business <b>Last Assignment:</b> Head, European Network, SGAM, Paris.
<b>Achal Kumar Gupta</b> 52 years Associated with SBIFMPL since November 28, 2005	Chief Operating Officer	M.A., CAIIB	Experience of over 28 years in State Bank of India in various areas such as Credit Administration, International Banking Operations, Branch management, Agricultural Banking, Relationship Banking. He has also been a Regional Manager at State Bank of India and has worked at State Bank of India's Bahrain office for 4 years.

Name & Age	Designation	Educational Qualifications	Business Experience
<b>Shri N. Sethuram Iyer</b> 54 years Associated with SBIFMPL since January 2003	Chief Investment Officer	B.Sc. (Chem)	Experience of over 28 years with SBI working in the areas of Credit and Forex. <b>Last Assignment :</b> SVP (Credit and Investments), SBI in Tokyo
<b>R. S. Srinivas</b> 32 years Associated with SBIFMPL since May 2001	Chief Marketing Officer	B.Com	Experience of over 15 years in Financial Services industry, including over 6 years in Asset Management Companies. <b>Last assignment :</b> Regional Head, South, SBI Funds Management Pvt. Ltd.

**b. Fund Managers**

Fund Managers	Name of Schemes Managed	Educational Qualifications	Experience
<b>Mr. K. Ramkumar</b> Vice President and Head (Fixed Income) 42 years Associated with SBIFMPL since July 2003	Magnum Income Fund (Floating Rate Plan) Magnum InstaCash Fund Magnum Institutional Income Fund Magnum Debt Fund Series	B. Sc., I.C.W.A.I., C.A.I.I.B., Diploma in Business Finance (ICFAI)	Experience of over 15 years in the Mutual Fund industry and presently managing funds with net assets of about Rs. 3300 crores. <b>Last Assignment:</b> Fund Manager Unit Trust of India / UTIMF
<b>Mr. Sanjay Sinha</b> Vice President and Head (Equity & Research) 40 Years Associated with SBIFMPL since November 2005	Magnum Equity Fund, Magnum NRI Investment Fund (Flexi Asset Plan) Magnum MultiplierPlus 93, Magnum Global Fund, Magnum TaxGain Scheme 93, Magnum Sector Funds Umbrella Magnum MidCap Fund, Magnum MultiCap Fund	B. A. (Hons.) Economics, PGCGM-IIM, Kolkata	Experience of over 17 years in the mutual fund industry which includes investor servicing, marketing, dealing and Equity Funds management and presently managing funds with net assets of about Rs. 4700 crores. <b>Last Assignment:</b> Fund Manager Unit Trust of India
<b>Mr. Ganti. N. Murthy</b> Asst. Vice President 38 Years Associated with SBIFMPL since July 2004	Magnum Gilt Fund, Magnum Income Fund (Growth, Dividend and Bonus Plans), Magnum Debt Fund Series	B. Sc (Hons), Masters in Financial Management	Experience of over 14 years in the mutual fund industry and presently managing funds with net assets of about Rs. 800 crores. <b>Last Assignment:</b> Fund Manager, Debt, Chola Mutual Fund
<b>Mr. David Pezarkar</b> 35 Years Associated with SBIFMPL since 01-07-06	Magnum Sector Fund Umbrella - Emerging Business Fund	B.A. (Eco.), M.M.S. (Finance)	12 years in Research, Dealing and Fund Management. <b>Last Assignment:</b> Head Research at Way2Wealth Securities Pvt. Ltd.
<b>Mr. Killol Pandya</b> 31 Years Associated with SBIFMPL Since June 2003	Magnum Monthly Income Plan, Magnum Children's Benefit Plan, Magnum Income Plus Fund, Magnum NRI Investment (STBP, LTBP)	B. Com, DPCM, MMS (Fin.)	Over 7 years of experience in debt trading. <b>Last Assignment:</b> IL&FS Investmart India
<b>Mr. Gopal Agarwal</b> 32 Years Associated with SBIMF since June 2004.	Magnum Tax Gain Scheme Magnum Mid Cap Fund Magnum Comma Fund	B. E. MBA	Experience of over 9 years of which 5 years is in Oil & Gas and Petrochemicals industry and the remaining in the Capital Markets. <b>Last Assignment:</b> Equity Research Analyst with HDFC Securities
<b>Mr. Jayesh Shroff</b> 34 years Associated with SBIMF since March, 2006.	Magnum Multiplier Plus scheme - 1993 Magnum Equity Fund Magnum Index Fund	PGD (MBFS) from ICFAI, B.Com.	Experience of over 5 years as a Fund Manager. <b>Last Assignment:</b> BOB Mutual Fund. Apart from the fund management experience, Mr. Shroff also has wide experience in investment banking activities including M&A activities, venture capital funding, preparation of business plans, project reports etc.

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Fund Managers	Name of Schemes Managed	Educational Qualifications	Experience
<b>Mr. Pankaj Gupta</b> 28 years Associated with SBIFMPL since December 2005	SBI Blue Chip Fund Magnum Multicap Fund Magnum Balanced Fund Magnum NRI Flexi Asset Plan	MBA, IIM Lucknow; C.S. B.Com (Hons)	Experience of over 4 years in Mutual Fund, Equity Research and Corporate Banking. Last assignment: ICICI Bank Ltd.
<b>Mr. Nimesh Chandan</b> 28 Years Associated with SBIFMPL since February, 2006.	Magnum SFU – Pharma Magnum SFU – FMCG Magnum SFU – IT	B.Com, MMS – Finance	About 6 years experience in the Indian Capital Market working in various positions from Analyst to Secondary Fund Manager. <b>Last assignment:</b> Birla Sunlife Mutual Fund

Mr. David Pezarkar and Mr. Killol Pandya would be the Fund Manager for SBI Arbitrage Opportunities Fund.

The Equity Research team comprises of 5 junior management professionals having related experience of around 3 years.

**c. Dealers**

Name & Age	Designation	Educational Qualifications	Business Experience
<b>Mr. Chetan Savla</b> Associated with SBIFMPL since December 2005	Equity Dealer	Diploma in Electronics	5 years of experience in Dealing. <b>Last Assignment:</b> Was an Institutional Dealer in SPA securities. Main job was to take and execute the trade at higher efficiency of clients and to interact with Fund managers and dealers of various Mutual Funds, Bankers and Financial institutes by giving them right time market information & technical views. Was also doing arbitrage in pro book.
<b>Mr. Arun Agarwal</b> 33 Years Associated with SBIFMPL since 1st July 06.	Equity Dealer	B Com, ACA	7 years in Equity, Money Market, Internal Audit. <b>Last Assignment:</b> Treasury Back office supervision at ICICI Bank.
<b>Mr. Jignesh Shah</b> 32 Years Associated with SBIFMPL since October 2005	Senior Mgr-Debt Analyst	B.Com, CFA	Dealing in Fixed Income Securities with primary focus on Gilt market. Further support is given to the debt team through research and technical inputs. <b>Last assignment</b> with Prebon Yamane (I) Ltd. as a Gilt dealer.

**d. Compliance Officer and Company Secretary**

Name & Age	Designation	Qualifications	Experience
<b>Ashutosh P. Vaidya</b> 31 years Associated with SBIFMPL since 27.06.2006	Company Secretary & Compliance Officer	B.Com., A.C.S., L.L.B. (Gen.)	A post qualification work experience of six years of which five years has been in the Mutual Fund Industry. During this tenure, he has worked extensively in Compliance, Legal & Secretarial Functions specializing in the regulations of Capital Markets Intermediaries such as Mutual Funds, Broking, Portfolio Management, Venture Capital, etc. His prior assignment was with Reliance Capital Asset Management Limited, as Company Secretary, responsible for secretarial & compliance functions of the organization.

**e. Chief Risk Officer**

Name & Age	Designation	Qualifications	Experience
<b>Ms. Aparna Nirgude</b> 34 years Associated with SBIFMPL since June 1993	Vice President & Chief Risk Officer	B. Com, M.B.A	Experience of over 10 years in the mutual fund industry in the area of equity research and funds management <b>Last assignment:</b> Head of Research, SBI Mutual Fund

#### f. Investor Relation Officer

Name & Age	Designation	Qualifications	Experience
<b>Shri. G. Kandasubramanian</b> 46 years Associated with SBIFMPL since June 2004	Asst. Vice President	B. Sc., C.A.I.I.B.	Experience of over 26 years with SBI, predominantly in the area of credit and handling responsibilities as in charge of various branches of SBI. <b>Last assignment:</b> Manager Development Banking, SBI

The Investor Relations Officer will look into investor grievances regarding deficiencies, if any, in the services provided by the Registrars or the Investor Service Centres. He can be contacted at the address given in the section on 'Investor' Rights and Services'. The AMC will have the discretion to change the Key Personnel depending on operational necessities and in the overall interest of the Fund.

#### g. Portfolio Management Division

Name & Age	Designation	Qualifications	Experience
<b>Ms. Nipa Ladiwala</b> 42 years Associated with SBIFMPL since October 2005	Vice President (Investments)	Bcom, MMS, BGL	Experience of over 15 yrs in financial services industry. Has experience as an Analyst, Dealer and Fund Manager at UTI <b>Last assignment :</b> Head of Equity Research and PMS, UTI Securities Ltd.
<b>Parijat Agrawal</b> 38 Years Associated with SBIFMPL since 17th July 2006	Fund Manager for portfolio management activities.	B.E( ECE), PGDM (IIM Bangalore)	10 years experience in Research, Dealing and Fund Management. <b>Last Assignment:</b> Head-Treasury, State Bank of Mauritius Limited, Mumbai
<b>Mr. Purvesh K. Shelatkar</b> 34 years Associated with SBIFMPL since April, 2006	Fund Manager for Portfolio Management activities.	M.M.S M.COM	Experience of over 10 years in Capital Markets. Worked with various organizations in Equity Research and Fund Management. <b>Last Assignment:</b> UTI Securities as an equity analyst.

#### 6. Duties and Obligations of the Asset Management Company:

Under the SEBI (Mutual Fund) Regulations, 1996 and the Investment Management Agreement the AMC has the following obligations:

- to 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 SEBI (Mutual Fund) Regulations 1996 and the Trust Deed.
- to exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
- to be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
- to submit to the trustees quarterly reports of each year on its activities and the compliance with SEBI (Mutual Fund) Regulations 1996.
- The trustees at the request of the Asset Management Company may terminate the assignment of the AMC 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 AMC.
- Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other

officers shall not be absolved of liability to the mutual fund for their acts of commissions or omissions, while holding such position or office.

- not to deal in securities through any broker associated with the sponsor or a firm which is an associate or a sponsor beyond 5% of the daily gross business of the mutual fund.
- not to utilize 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 the AMC may utilize 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 \*.

*\* Note: Please note that the AMC utilizes the services of some branches of the SBI Group as authorized collecting branches for the scheme. It may also utilize the services of some of the Associate companies of SBI for various transactions. This has also been mentioned in the section 'Associate Transactions'. Suitable disclosure as required under SEBI (MF) Regulations 1996 will be made in the half yearly and annual accounts of the Fund.*

- to 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 to also report to the SEBI, as and when required by the SEBI.

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- j) In case the AMC enters into any securities transactions with any of its associates, a report to that effect shall be sent to the trustees at their next meeting.
- k) In case any company has invested more than 5% 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 AMC and to 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..
- l) to file with the trustees and the SEBI-
  - i. detailed bio-data of all its directors alongwith their interest in other companies within fifteen days of their appointment; and
  - ii. any change in the interests of directors every six months.
  - iii. 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 maybe, by the Mutual fund during the said quarter.
- m) to file with the trustees a statement of holdings in securities of the directors of the AMC with the dates of acquisition of such securities at the end of each financial year.
- n) not to appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
- o) to appoint registrars and share transfer agents who are registered with the SEBI.

Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
- p) to abide by the Code of Conduct as specified in the fifth schedule of SEBI Regulations.

### 7. Registrars

SBIMF will utilize the services of M/s Computer Age Management Services (Pvt.) Ltd. (SEBI Registration Number: INR 000002813) located at A&B Lakshmi Bhawan, 609, Anna Salai, Chennai - 600 006, India, as Registrars and Transfer Agents to the Schemes. The Board of Trustees and the AMC have satisfied themselves that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatch of Magnum / Unit Certificates / Statement of Accounts to investors within the time limit prescribed in the SEBI Regulations and that they have sufficient capacity to handle investor complaints. The AMC reserves the right to change the Registrars at any time with the approval of the Board of Directors of the Trustees Company and the Committee of Board of Directors of the AMC.

### 8. Register of Magnum / Unit holders

A register of Magnum / Unit holders under this scheme containing the necessary particulars will be maintained at the office of the Registrar to the scheme and at such place(s) as the Trustees may decide from time to time.

### 9. Custodians

SBIFMPL has appointed Stock Holding Corporation of India Ltd. (SEBI Registration Number: IN/CUS/011) situated at Mittal Court, B-Wing, 2nd floor, 224, Nariman Point, Mumbai – 400021 as the Custodians for this scheme.

The Custodians will be required to take delivery of all properties belonging to the scheme and to hold them in separate custody account and also separately from the assets of the custodians and their clients. The Custodians will make efforts to have the properties of the Fund registered in the name of the Fund and will deliver them only as per instructions of the AMC and on receipt of the consideration. The Custodians shall collect, receive and deposit in the account or accounts of the Fund with the Bank, income, dividend, interest, rights and other payments of whatever kind with respect to the securities and other assets and items of alike nature of the Fund held by or to the order of the Custodians and shall execute such ownership and other confirmations as are necessary. The Custodians shall be generally authorized to attend to all non-discretionary and procedural details for discharge of normal custodial functions in connection with the sale, purchase, transfer and other assets held for the account of the fund by the Custodians as an Agent except as may otherwise be directed by the Fund. For their services, the Custodians shall be paid a custodial fee as agreed upon by the AMC and the Custodians and within the limits given in the section "Expenses". The AMC reserves the right to change the Custodians at any time with the approval of the Board of Directors of the Trustees Company and the Committee of Board of Directors of the AMC.

### 10. Auditors

SBIMF has identified M/s M. M. Nissim & Company, 3rd Floor, B Wing, Barodawala Mansion, 81, Dr. Annie Besant Road, Worli, Mumbai - 400 018. as the auditors to the scheme. The AMC reserves the right to change the Auditors at any time with the approval of the Trustees Company and the committee of Board of Directors of AMC.

### 11. Collecting Banker(s)

SBIMF will utilize the services of HDFC Bank Ltd. (SEBI registration no. INBI00000063), Kotak Mahindra Bank Ltd. (SEBI registration no. INBI00000037), ICICI Bank Ltd. (SEBI registration no. INBI00000004), as the collecting bankers for the scheme during the new fund offer period. Please note that the AMC may utilize the services of any other bank as authorized collecting branches for the scheme. This has also been mentioned under the section "Associate Transactions". The branches will be paid handling charges as per the prevailing market rates and/ or as negotiated with them. For applications directly solicited and collected by the branches of SBI or its 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.

## VIII. INVESTMENT OBJECTIVE AND POLICIES

### 1. Investment Objective

To provide capital appreciation and regular income for unitholders by identifying profitable arbitrage opportunities between the spot and derivative market segments as also through investment of surplus cash in debt and money market instruments.

### 2. Asset Allocation Pattern

The asset allocation pattern under normal circumstances would be as follows:

Type of Instrument	Normal Allocation (% of Net Assets)	Risk Profile
Equities and equity related instruments	65% - 85%	High
Derivatives including Index Futures, Stock Futures, Index Options and Stock Options	65% - 85% *	High
Debt instruments and Money Market instruments**	15% - 35%	Medium to Low
Of which Securitized Debt	Not more than 10% of the investments in debt instruments	Medium to High

- \* 1. The notional value exposure in derivatives would be reckoned for the purposes of the specified limit.  
 2. The margin money deployed on these positions would be included in the money market category.

Under normal circumstances, the scheme shall remain invested in equity & equity related instruments and derivatives including Index Futures, Stock Futures, Index Options and Stock Options upto 65% of the net assets of the scheme.

The exposure to derivatives shown in the asset allocation table would be the exposure taken against the underlying equity investments and would not be considered for calculating the total asset allocation.

The scheme would enter into derivative transactions only for the purpose of hedging and portfolio rebalancing. All derivatives positions of the scheme shall be backed by cash or stock as the case may be, i.e. all current or potential long positions shall be backed by cash and equivalents at the time of exposure and all current or potential short positions will be fully backed by stock (stocks portfolio for index derivatives).

### 3. Investment Strategy:

Market neutral trading strategy. Arbitrage opportunities arise due to market inefficiencies. Fund seeks to exploit such inefficiencies that will manifest as mis -pricing in cash (stock) and derivative markets. Fund Manager will lock into such arbitrage opportunities seeking to generate tax efficient risk-free returns.

Fund will not take naked exposures to stocks i.e. will not invest in stocks with a view to generate market related returns. Exposure to stocks will be offset by simultaneous equivalent exposure in derivatives.

SEBI has also vide circular DNP/Cir-29/2005 dated 14th

September 2005 permitted Mutual Funds to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, Mutual Funds shall be treated at par with a registered FII in respect of position limits in index futures, index options, stock options and stock futures contracts.

The scheme would be a "pure arbitrage fund" and would hold spot market positions only for the purpose of arbitrage opportunities and not to benefit from any upside potential that the stocks may provide in the present or in future. In cases where gainful arbitrage opportunities does not exist, the scheme may hold its assets in debt and money market instruments till such time reasonable arbitrage opportunities present itself.

The scheme would seize arbitrage opportunities by buying stock in the spot market of NSE or BSE and simultaneously selling futures on the same stock in F&O segment of NSE when the price of the future exceeds the price of the stock. It is the intention of the scheme to hold the cash/spot market position and the derivative position till expiry to realize the arbitrage. However if the opportunity is available the same positions will be rolled over to next month expiry by buying the current month future and selling the next month future. In this instance, the strategy would be to keep the underlying, buy back the current future position and sell the next month future position.

A few illustrations of the possible arbitrage positions that the scheme may undertake:

#### a. Arbitrage:

Buy 1000 stocks of Company A at Rs 100 and sell the equivalent of stocks future of the Company A at Rs 101.

- Market goes up and the stock end at Rs 150.  
 At the end of the month the future expires automatically:
  - At the settlement date we assume that future price = closing spot price = Rs 150
    - Gain on stock is  $1000 \times (150 - 100) = \text{Rs } 50000$
    - Loss on future is  $1000 \times (101 - 150) = \text{Rs } - 49000$
    - Then gain realized is  $50000 - 49000 = \text{Rs } 1000$
- Market goes down and the stock end at Rs 50.  
 At the end of the month the future expires automatically:
  - At the settlement date we assume that future price = closing spot price = Rs 50
    - Loss on stock is  $1000 \times (50 - 100) = \text{Rs } - 50000$
    - Gain on future is  $1000 \times (101 - 50) = \text{Rs } 51000$
    - Then gain realized is  $51000 - 50000 = \text{Rs } 1000$

#### b. Unwinding an arbitrage position:

Buy 1000 stocks of Company A at Rs 100 and sell the equivalent of stocks future of the Company A at Rs 101.

The market goes up and at some point of time during the month the stock trades at Rs 150 and the future trades at Rs 149 then we unwind the position:

- Buy back the future at Rs 149 : loss incurred is  $(101 - 149) \times 1000 = \text{Rs } - 48000$
- Sell the stock at Rs 150 : gain realized :  $(150 - 100) \times 1000 = \text{Rs } 50000$
- Net gain is  $50000 - 48000 = \text{Rs } 2000$

**c. Roll over the futures:**

We keep the stocks position. If the stocks level is at Rs 150 close to the expiry the stock future is close to Rs 150 as well. Then if the actual stock future is below the next month stock future, we roll over the future position to the next expiry:

- a. Stock future next month is at Rs 151
- b. Stock future actual month is at Rs 150
- c. Then sell future next month at Rs 151 and buy back actual future at Rs 150 => gain of  $1000 \times (151 - 150) = \text{Rs } 1000$  and the arbitrage is continuing.

In case, the future price trades at discount to spot price (any time during the period till the expiry date) then the original position will be squared by buying the future and selling the spot market position.

**d. Multi option arbitrage**

For a given Index:

- Buy 1,000 Index Futures at Rs 100
- Sell 1,000 European Call options, Strike price 100 at Rs 10
- Buy 1,000 European Put options, Strike price 100 at Rs 8

**i. Market goes up and the Index ends at Rs 150.**

At the end of the month, the In-The-Money Call options are exercised automatically (at the settlement date we assume that the In-The-Money Call price = closing spot price = Rs 150). Put options will not be exercised.

- Gain on index futures is  $1,000 \times (150 - 100) = \text{Rs } 50,000$
- Loss(cost of ) Put option is  $1000 \times (8) = \text{Rs } 8,000$
- Loss on Call is  $1,000 \times (50 - 10) = \text{Rs } 40,000$

Net Gain is Rs. 2,000 ( $50,000 - 8,000 - 40,000$ )

**ii. Market goes down and the Index ends at Rs 50.**

At the end of the month, the In-The-Money Put options are exercised automatically (at the settlement date we assume that the In-The-Money Put price = closing spot price = Rs 50). Call option will not be exercised.

- Loss on index futures is  $1,000 \times (50 - 100) = \text{Rs } - 50,000$
- Gain on Call is  $1,000 \times 10 = \text{Rs } 10,000$
- Gain realized on Put is  $1000 \times (50 - 8) = \text{Rs } 42,000$

Then gain realized is Rs 2,000 ( $42,000 + 10,000 - 50,000$ )

The Mutual Fund has set exposure limits in respect of the various types of derivative transactions that are permitted by the SEBI guidelines as detailed in Section 5a (vi) in this chapter.

The scheme would be benchmarked against the CRISIL Liquid Fund Index.

\*\* Money Market Instruments will include Commercial Paper, Commercial Bills, Certificates of Deposit, Treasury Bills, Bills Rediscounting, Repos, CBLO, Government securities having an unexpired maturity of less than 1 year, Call or notice money, Usance Bills and any other such short-term instruments as may be allowed under the regulations prevailing from time to time.

Performance will depend on the Asset Management Company's ability to assess accurately and react to changing market conditions. The scheme may also enter into repurchase and reverse repurchase obligation in all securities held by it as per

the guidelines and regulations applicable for such transactions. Any investment in Government securities may be in securities supported by ability to borrow from the Treasury, or sovereign or state government guarantee, or supported by the Government of India / a State Government in any other manner. Further, the scheme may participate in securities lending and trade in derivatives as permitted under SEBI (MF) Regulations, 1996.

The above investment pattern is indicative and may be changed by the Fund Manager from time to time, keeping in view market conditions, market opportunities, applicable regulations, legislative amendments and other political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the AMC, the intention being at all times to seek to protect the interests of the Magnum / Unit Holders. The funds raised under the scheme shall be invested only in transferable securities as per Regulation 44(1), Schedule 7 of the SEBI (Mutual Funds) Regulations, 1996 as amended from time to time. Pending deployment of funds of the scheme in securities in terms of investment objectives of the scheme, the scheme may also invest in short term deposits of scheduled commercial banks as permitted under the Regulations.

There can be no assurance that the investment objective of the scheme will be realized. The scheme will also review these investments from time to time and the Fund Manager may churn the portfolio to the extent as considered beneficial to the investors.

**4. Securitized Debt**

Securitized Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitization is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitization involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other debt instruments) also referred to as "Securitized Debt" to the investors evidencing the beneficial ownership of the investors in the receivables. The financial instruments are rated by an independent credit rating agency. On the recommendation of the credit rating agency, additional credit support is provided in order that the instrument may receive the desired level of rating. Typically the servicing of the receivables is continued by the seller. Cash flows as and when they are received are passed onto the investors. Features of securitization transactions include:

- Absolute and Legal true sale of assets to an SPV (with defined purposes and activities) in trust for the investors
- Reliance by the investors on the performance of the assets for repayment - rather than the credit of their Originator (the seller) or the Issuer (the SPV)
- Remoteness from the Originator
- Support for timely payments, inter-alia, in the form of suitable credit enhancements.
- Securitized debt paper usually achieves a high investment grade credit rating.

- There is a diversification of economic risks as credit risk is spread over a diversified group of obligors.

The different classes of underlying assets may include receivables under Auto loans, Consumer loans, Mortgage loans, Corporate Loans etc.

#### Risks Factors for such asset classes

**Liquidity risk:-** There is no assurance that a deep secondary market will develop for the instrument. This could limit the ability of the investor to resell them.

**Limited Recourse:** The instruments represent an undivided beneficial interest in the underlying receivables and do not represent an obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the buyer of the security against the Investors' Representative.

**Delinquency and Credit Risk:** Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Monthly Investor Payouts to the Holders may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Servicer may repossess and sell the Vehicle/ Asset. However many factors may affect, delay or prevent the repossession of such Vehicle/Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Vehicle/Asset may be sold may be lower than the amount due from that Obligor.

**Risks due to possible prepayments:** Full prepayment of a contract may lead to an event in which investors may be exposed to changes in tenor and yield.

**Bankruptcy of the Originator or Seller:** If the service provider becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that either the sale from each Originator was not a sale then an Investor could experience losses or delays in the payments due under the instrument.

#### 5. Debt Market in India

The debt market is active since the mid 1990s as prior to it was a captive market-SLR requirement by Banks. This market was predominantly gilt oriented, until corporate papers became a part of it since late 1990s. The money market in India consists of the following instruments; treasury bills, commercial papers, certificates of deposits, short Non-Convertible Debentures-fixed and floaters and term lending instruments. The debt market consists of gilts, corporate debt papers and other approved securities (government guaranteed papers). The nature of instruments is in the form of plain vanilla bonds, floaters, zero coupon bonds-deep discounted bonds, securitized papers and structured debt papers. The Wholesale Debt Market segment is available both at National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE). The players in Indian debt market are commercial banks, mutual funds, financial institutions, insurance companies and others. The retail secondary debt market is absent in India. The Reserve Bank of India had introduced Online Market (OM) dealing platform for gilts. This was available only for certain participants like Banks and Primary Dealers and has recently been extended to other market participants including Mutual funds. At present, the average

daily turnover on NSE WDM is around Rs.500-1,000 crore and further Rs.3,000-5,000 crore in OM. The likely yields of various instruments mentioned above, and the factors affecting prices of such securities are given hereunder:

The shorter term money market instruments offer yields between 6.25% to around 7.95 % depending on tenor to maturity. The 2-3 years and five year AAA corporate bonds offer yields of around 8.25% and 8.40% respectively. The ten year Government securities offer yields of around 7.70-7.5%. The securitized instruments offer yields which are 20-40 basis points higher than the comparable normal debt instruments.

The following is the yield matrix as on Sept 8, 2006:

Instruments	Indicative yield range
Overnight rates	6.10%
90 day Commercial Paper	7.25-7.35%
91-day T-bill	6.40-6.44%
1 year G-Sec.	6.88-6.92%
5 year G-Sec.	7.45% - 7.55%
10 year G-Sec.	7.70-7.75%
1 year AAA Bond	8.10-8.15%
5 year AAA Bond	8.50-8.60%

The interest rate market conditions are influenced by the Liquidity in the system, Credit growth, GDP growth, Inflows into the Country, Currency movement in the Forex market, demand and supply of issues and change in investors' preference. Generally when there is a rise in interest rates the price of securities fall and vice versa. The extent of change in price shall depend on the rating, tenor to maturity, coupon and the extent of fall or rise in interest rates. The Government securities carry zero credit risk, but they carry interest rate risk like any other Fixed Income Securities. Securities which are not quoted in Stock exchanges carry higher risk than the ones which are listed on the Stock Exchanges. While the securities which are listed on the Stock Exchanges carry less liquidity risk the ability to liquidate them depends on the secondary debt market volumes. Similarly money market instruments which are fairly liquid are not listed in exchanges due to its short tenor which may lead to losses when sold before its maturity date. The impact cost of offloading the various asset classes differ depending on market conditions and may impair the value of the securities to that extent. Further, investments in securitized instruments or structured obligation papers carry a higher illiquidity risk. They also carry limited recourse to the originator, delinquency risk out of the defaults on the receivables and prepayment risk which affects the yields on the instruments.

#### 6. Trading in Derivatives

##### a) Use of Derivatives

- The Fund may use any hedging techniques that are permissible now or in future, under SEBI regulations, in consonance with the scheme's investment objective, including investment in derivatives such as interest rate swaps. As per SEBI guidelines, the Fund's trading in derivatives shall be restricted to hedging and portfolio balancing purposes. The Fund shall fully cover its position in the derivatives market by holding underlying securities

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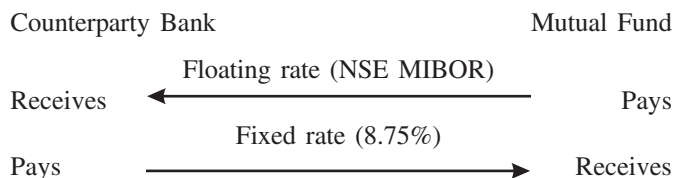
/ cash or cash equivalents / option and / or obligation for acquiring underlying assets to honour the obligations contracted in the derivatives market. The Fund shall maintain separate records for holding the cash and cash equivalents / securities for this purpose. The securities held shall be marked to market by the AMC to ensure full coverage of investments made in derivative products at all times.

### (ii) Illustration: Interest Rate Swap (IRS)

Assume that a Mutual Fund has INR 10 crore, which is to be deployed in overnight products for 7 days. This money will be exposed to interest rate risk on daily basis. The fund can buy

an Interest Rate Swap receiving fixed interest rate and paying NSE MIBOR.

The deal will be as under:



The cash flows on a notional principal amount of Rs. 10 crores would be-

(in Rs. Crore)

		Principal	NSE MIBOR	Interest	Amount
Day 1		10.0000	8.10%	.0022192	10.00221918
Day 2		10.00222	8.20%	.0022466	10.00446575
Day 3		10.00447	8.30%	.002274	10.00673973
Day 4 (for 2 days)	Saturday	10.00674	8.15%	.0044658	10.01120548
Day 5	Sunday		Holiday		
Day 6		10.01121	8.40%	.0023014	10.01350685
Day 7		10.01351	8.50%	.0023288	10.01583562
Floating Interest Payable					.0158356164
Fixed Interest Receivable					.0167808219
Net Receivable for Mutual Fund receiving fixed rate					.0009452055

In this example Mutual Fund stands to gain by receiving fixed rates. As the NSE MIBOR floating rate is decided daily, in adverse scenario, the Mutual Fund may have to pay the difference.

The counter-party providing Swap, Options, Forward Rate Agreements (FRAs) will do the same at a cost.

(iii) The risks involved in derivatives are:

1. The cost of hedge can be higher than adverse impact of market movements.
2. The derivatives will entail a counter-party risk to the extent of amount that can become due from the party.
3. An exposure to derivatives in excess of the hedging requirements can lead to losses.
4. An exposure to derivatives can also limit the profits from a genuine investment transaction.
5. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

Methods to tackle these risks:

1. Hedging will not be done on a carpet basis but based on a view about interest rates, economy and expected adverse impact.
2. Limits of appropriate nature will be developed for counter

parties

3. Such an exposure will be backed by assets in the form of cash or securities adequate to meet cost of derivative trading and loss, if any, due to unfavorable movements in the market.

(iv) The losses that may be suffered by the investors as a consequence of such investments:

1. As the use of derivatives is based on the judgement of the Fund Manger, the view on market taken may prove wrong resulting in losses.
2. The upside potential of investments may be limited on account of hedging which may cause opportunity losses.

(v) The use of derivatives for hedging will give benefit of:

1. Curtailing the losses due to adverse movement in interest rates
2. Securing upside gains at cost

(vi) Exposure limits:

SEBI has vide circular DNP/Cir-29/2005 dated 14th September 2005 permitted Mutual Funds to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, Mutual Funds shall be treated at par with a registered FII in respect of position limits in index futures, index options, stock options and stock futures contracts.

The position limits for the Mutual Fund and its schemes shall be as under:

**i. Position limit for the Mutual Fund in index options contracts**

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

**ii. Position limit for the Mutual Fund in index futures contracts:**

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**iii. Additional position limit for hedging**

In addition to the position limits at point (i) and (ii) above, the Mutual Fund may take exposure in equity index derivatives subject to the following limits:

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

**iv. Position limit for Mutual Funds for stock based derivative contracts**

1. For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.
2. For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore whichever is lower.
3. The MWPL and client level position limits however would remain the same as prescribed.

**v. Position limit for each scheme of a Mutual Fund**

The scheme-wise position limit / disclosure requirements shall be -

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:

1% of the free float market capitalization (in terms of number of shares).

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

**b) Valuation**

- (i) The 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 SEBI Regulations.
- (ii) The 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 SEBI Regulations.

**c) Reporting**

The AMC shall cover the following aspects in their reports to trustees periodically, as provided for in the Regulations:

- (i) Transactions in derivatives, both in volume and value terms.
- (ii) Market value of cash or cash equivalents / securities held to cover the exposure.
- (iii) Any breach of the exposure limit laid down in the scheme offer document.
- (iv) Shortfall, if any, in the assets covering investment in derivative products and the manner of bridging it.

The Trustees shall offer their comments on the above aspects in the report filed with SEBI under sub regulation (23) (a) of regulation 18 of SEBI Regulations.

**7. Portfolio turnover**

The Portfolio Turnover is defined as the lower of the value of purchases or sales as a percentage of the average corpus of the Scheme during a specified period of time. The Asset Management Company does not have a policy statement on portfolio turnover. Generally, the Asset Management Company's portfolio management style is conducive to a low portfolio turnover rate. However, given the nature of the Scheme which follows a monthly cycle or rollover / positions the portfolio turnover is expected to be high. Further, there are trading opportunities that present themselves from time to time. These trading opportunities may be due to trading opportunities in equities, changes in interest rate policy by the Reserve Bank of India, shifts in the yield curve, credit rating changes or any other factors where in the opinion of the fund manager there is an opportunity to enhance the total return of the portfolio. It will be the endeavour of the fund manager to keep portfolio turnover rates as low as possible.

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### 8. Investment limitations

The investment policies of the scheme comply with the rules, regulations and guidelines laid out in the SEBI (MF) Regulations, 1996. As per the Regulations, specifically the Seventh Schedule, the following investment limitations are applicable to schemes of Mutual Funds.

- a. The scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company. Such limit shall not be applicable for investments in government securities and money market instruments. Also investment within such limit can be made in mortgaged-backed securitized debt, which is rated not below investment grade by a credit rating agency registered with the Board.
- b. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the board of Asset Management Company.
- c. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under 7(a) and 7(b) of this section.
- d. The Fund Schemes shall not own more than 10% of any company's paid up capital carrying voting rights or such percentage as may be stipulated by SEBI from time to time;
- e. Transfer of investments from one scheme to another scheme, including this scheme, under the Mutual Fund shall be allowed only if :
  - (i) Such transfers are done at the prevailing market price for quoted securities on spot basis; explanation - "spot basis" shall have the same meaning as specified by the stock exchange for spot transactions, and
  - (ii) The securities so transferred shall be in conformity with the investment objective of the relevant scheme to which such transfer has been made.
- f. The scheme may purchase or sell securities to any other scheme of the Mutual Fund as stated above.
- g. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities (except in case of derivatives) and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction or engage in badla finance.
- h. The scheme shall provide that the securities be purchased or transferred in the name of the Mutual Fund for the relevant scheme, wherever the investments are intended to be of a long-term nature.

- i. Pending deployment of funds of the scheme in securities pursuant to the investment objectives of the scheme the Mutual Fund can invest the funds of the scheme in short-term deposits of scheduled commercial banks.
- j. The assets of the scheme shall not in any manner be used in short selling or carry forward transactions.
- k. The scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.
- l. The mutual fund will enter into derivatives transactions in a recognized stock exchange for the purpose of hedging and portfolio balancing, in accordance with the guidelines issued by the Board.
- m. The scheme shall not make any investment in;
  - i any unlisted security of an associate or group company of the sponsor; or
  - ii any security issued by way of private placement by an associate or group company of the sponsor; or
  - iii The listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
- n. The scheme shall not invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company and shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments.
- o. The scheme shall not make any investment in any Fund of Funds scheme.

In addition to the above limitations, the Mutual Fund follows certain internal norms vis-à-vis limiting exposure to a particular scrip, sector, etc in respect of diversified equity funds, which are detailed below:

Sector Weight in BSE - 100	Index Weight + 10 % (Subject to a cap of 30%)
----------------------------	--

These internal norms will not be applicable for this scheme.

### 9. Fundamental Attributes

The fundamental attributes and salient features of the scheme are set out below for the purpose of inviting subscriptions to the scheme from the public.

The following attributes will be considered as fundamental attributes:

- a) Type of scheme: Open ended scheme
- b) Investment Objective: To provide capital appreciation and regular income for unitholders by identifying profitable arbitrage opportunities between the spot and derivative market segments as also through investment of surplus cash in debt and money market instruments.

Type of Instrument	Normal Allocation (% of Net Assets)	Risk Profile
Equities and equity related instruments	65% - 85%	High
Derivatives including Index Futures, Stock Futures, Index Options and Stock Options	65% - 85% *	High
Debt instruments and Money Market instruments	15% - 35%	Medium to Low
Of which Securitised Debt	Not more than 10% of the investments in debt instruments	Medium to High

- \* 1. The notional value exposure in derivatives would be reckoned for the purposes of the specified limit.
2. The margin money deployed on these positions would be included in the money market category.

The asset allocation pattern and investment strategy is detailed in Section VIII (2).

c) Terms of Issue:

Sale of Units: Units would be offered for subscription on all business days at NAV related prices as detailed in Section XIII.

**Liquidity:** The scheme would provide repurchase facility to investors on an ongoing basis on specified interval dates. The repurchase facility is detailed in Section XIV.

Aggregate fee and expenses: Would be restricted to the ceilings of recurring expenses stated in Regulation 52(6) of the SEBI (Mutual Funds) Regulation. The fee and expenses proposed to be charged by the scheme is detailed in Section XI.

The fundamental attributes as defined above or fees and expenses payable or any other change which would modify the scheme and affects the interest of Magnum / Unit holders, shall not be carried out unless, a written communication about the proposed change is sent to each Magnum / 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 the Magnum / Unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.

**10. Investments in other schemes**

According to the Clause 4 of Schedule 7 read with Regulation 44(1), of the SEBI (MF) Regulations, 1996:

*"A scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter-scheme investments made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund."*

**11. AMC's investments in the scheme**

The AMC may invest in the scheme, either in the new fund offer or on an ongoing basis, such amount, as they deem appropriate. But the AMC shall not be entitled to charge any management fees on this investment in the scheme. Investments by the AMC will be in accordance with Regulation 24(3) of the SEBI (MF) Regulations, 1996 which states that:

*"The asset management company shall not invest in any of its schemes unless full disclosure of its intention to invest has been made in the offer document, provided that the asset management company shall not be entitled to charge any fees on its investment in the scheme."*

**12. Procedures followed for Investment decisions**

The proposals for investments in equity/debt or market instruments originate from the Fund Manager and are routed through the Chief Investment Officer (CIO) to the Investment Committee. The committee comprising the Managing Director, Chief Operating Officer, CIO, Head of Research, Fund Managers, Debt and Equity Dealers decide on the proposals of the Fund Managers. Each proposal is a written document with reasons for the proposed sale/purchase or reasons for rejection (if any) are recorded. The risk origination is done based on the guidelines issued by SEBI or Board of Trustees. Concurrent auditors periodically check these and their reports are placed before the Audit Committee, which is comprised of the independent Directors and Trustees.

The monitoring of decisions is taken through quarterly secondary and primary market report to the Directors. The Secondary market report details the top 20 purchases and sale decisions in the quarter, the details of losses booked and the reasons thereof. All primary market decisions are reported.

The performance of the diversified equity schemes reported to the AMCs and Trustees is benchmarked against the BSE 100 and also to comparable schemes in the industry while sector funds are benchmarked to respective indices and also to comparable schemes in the industry while the performance of the debt schemes are reviewed through the rankings issued by CRISIL/Value Research etc. **The scheme would be benchmarked to the CRISIL Liquid Fund Index.**

**13. Underwriting**

The scheme will not take up underwriting of the securities of other issuers.

**14. Stock lending**

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

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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.

### **15. Fund's Policy on Unclaimed Redemption Amount**

The unclaimed redemption and dividend amounts are being deployed by the mutual funds in call money market or 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. Investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds may be used by the Fund for the purpose of investor education. The AMC would make a continuous effort to remind the investors through letters to take their unclaimed amounts. The AMC may charge an investment management fee not exceeding 50 basis points for managing unclaimed amounts. The policy is in line with the SEBI circular No. MFD/CIR/ 9 /120 /2000 dated 24/11/2000.

## IX. ACCOUNTING POLICIES

### 1. Accounting year end

The accounts of the scheme shall be closed every year as on 31st March. The Trustees shall cause the accounts of the scheme to be maintained in such form and manner as may be decided by them and in accordance with the SEBI (MF) Regulations, 1996. The Trustees and the AMC shall, at the close of each half year, i.e., 30th September and 31st March, publish the financial results of the scheme, as provided in SEBI (MF) Regulations, 1996.

### 2. Other Accounting Policies and Standards

- a. For the purposes of the financial statements, mutual fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealized gain arising out of appreciation on investments cannot be distributed, provision has to be made for exclusion of this item when arriving at distributable income.
- b. Dividend income earned by a scheme should be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income must be recognized on the date of declaration.
- c. In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase must not be treated as a cost of purchase but must be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date upto the date of sale must not be treated as an addition to sale value but must be credited to Interest Recoverable Account.
- d. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method must be followed.
- e. Transactions for purchase or sale of investments should be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- f. Bonus shares to which the scheme becomes entitled should be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements should be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- g. Where income receivable on investments has accrued but has not been received for the period specified in the guidelines issued by the Board, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by the Board.
- h. When in the case of an open-ended scheme units are sold, the difference between the sale price and the face value of the unit, if positive, should be credited to reserves and if negative is debited to reserve, the face value being credited to Capital Account. Similarly, when in respect of such a scheme, units are repurchased, the difference between the purchase price and face value of the unit, if positive should be debited to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account.
- i. In the case of an open-ended scheme, when units are sold an appropriate part of the sale proceeds should be credited to an Equalization Account and when units are repurchased an appropriate amount should be debited to Equalization Account. The net balance on this account should be credited or debited to the Revenue Account. The balance on the Equalization Account debited or credited to the Revenue Account should not decrease or increase the net income of the fund but is only an adjustment to the distributable surplus. It should therefore be reflected in the Revenue Account only after the net income of the fund is determined.
- j. The cost of investments acquired or purchased should include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered should be reduced from the cost of the investment.
- k. Underwriting commission should be recognized as revenue only when there is no devolvement on the scheme. Where there is devolvement on the scheme, the full underwriting commission received and not merely the portion applicable to the devolvement should be reduced from the cost of the investment

The Mutual Fund shall comply with the accounting policies and standards spelt out in the Ninth Schedule of SEBI Regulations.

## X. NAV AND VALUATION OF ASSETS OF THE SCHEME

### 1. Valuation of Assets pertaining to the scheme

Valuation of Assets, computation of NAV, repurchase price and their frequency of disclosure will be in accordance with the provisions of SEBI (MF) Regulations 1996/Guidelines/Directives issued by SEBI from time to time. The assets of the scheme will be valued based on the following valuation norms.

#### A. Traded Securities

- a. The securities shall be valued at the last quoted price on the stock exchange.
- b. When the securities are traded on more than one recognized stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. It would be left to the Asset Management Company to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should however be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments is 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 on a particular valuation day, a security has not been traded on the selected stock exchange the value at which it is 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 the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provide 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.

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 recognised 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.

#### C. Non Traded Securities :

When a security (other than Government Securities) is not traded on any stock exchange for a period of thirty days prior to the valuation date (instead of the existing provision of 60 days), the scrip must be treated as a 'non traded' security.

#### 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 the scheme, an independent

valuer shall be appointed for the valuation of the said security.

**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 (ii)(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. 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.

(ii)(c) Government securities (not traded for more than 30 days or one which would qualify as a thinly traded security) will be valued at cost plus accrual and amortizing the discount or premium over the like of the security.

**F. Illiquid Securities:**

a. Aggregate value of "illiquid securities" of 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. The Mutual Fund 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 unitholders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.

**2. Determination of Net Asset Value**

The value determined as above, will be adjusted for the following:

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- a. All income and expenditure accrued.
- b. Major expenses like management fees and other periodic expenses to accrue on a day to day basis.
- c. The basis for calculation of NAV will be subject to regulations and guidelines of the SEBI issued from time to time.
- d. The NAV would be rounded off to four decimal places for the scheme.

Minor expenses, if any, will not be accrued on a day to day basis if they do not affect the NAV by more than 1%.

The Mutual Fund shall comply with the investment valuation norms spelt out in the Eighth Schedule of SEBI Regulations.

The Net Asset Value per Magnum / Unit shall be calculated by

dividing the Net Assets of the scheme by the total number of Magnums/Units outstanding on the valuation date, as follows:

$$\text{NAV} = \frac{\text{Total unit capital} + \text{Reserves} + \text{Income (net of expenses)} + \text{Appreciation / -depreciation in investments}}{\text{Total no. of Magnums / Units outstanding}}$$

Any changes in securities and in the number of units will 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 NAV 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 NAV calculations shall not be affected by more than 1%.

The NAV along with Sale and Repurchase prices will be calculated every day and will be published atleast in two daily newspapers on a daily basis as prescribed by SEBI.

## XI. LOADS AND EXPENSES

### 1. Magnum / Unit holder transaction expenses or Sales Load

The following table illustrates the expenses that the investors will incur on their purchases/ sales of Magnums / Units and SIP / STP transactions under this scheme:

Nature of Load	For NFO investors*	For investors on an ongoing basis*
Entry load that may be imposed on purchases of Magnums / Units	Nil	Nil
Sales load if any on issue of Magnums / Units in lieu of dividends	Nil	Nil
Exit load that maybe imposed on purchases of Magnums / Units	For investments below Rs. 50 lakhs ● 0.25% for exit upto and including April 20, 2007  For investments of Rs. 50 lakhs and above Nil	For investments below Rs. 50 lakhs ● 0.25% for exit within 6 months  For investments of Rs. 50 lakhs and above Nil
Contingent Deferred Sales Charge (CDSC)	Nil	Nil
Switchover load ● From other schemes to SBI Arbitrage Opportunities Fund	At NAV related prices	At NAV related prices
● Between Growth and Dividend options of the SBI Arbitrage Opportunities Fund	Nil	Nil

\* The charges stated above are a percentage of the NAV.  
 Note : SIP facility is not available during NFO period.

Under the Regulations, the Fund can also charge a Contingent Deferred Sales Charge (CDSC) to Magnum / Unit holders exiting from the scheme within 4 years of entry. The AMC reserves the right to introduce a load structure, levy a different load structure or remove the load structure in the scheme at any time after giving notice to that effect to the investors through an advertisement in an English language daily that circulates all over India as well as in a newspaper published in the language

of the region where the Head Office of the mutual fund is situated.

In any case, should the load structure change in future, such changes in load will be applicable only to prospective investors who invest after the date specified in the advertisement and not to the existing investors on the amounts already invested by them.

The Mutual Fund will also endeavour to keep the investors informed through the following measures:

- i) An addendum detailing the changes will be attached to the offer documents and abridged offer documents. The addendum will also be available with the distributors/brokers and will also be sent along with the newsletter sent to the Magnum / Unit holders immediately after the changes.
- ii) The Mutual Fund will display the changes/modifications in the offer document in the form of a notice at all ISCs and distributors/brokers office.
- iii) The introduction of the exit load/CDSC along with the details will be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the statement of accounts issued after the introduction of such load/CDSC.
- iv) Any other measures which the Mutual Fund considers necessary in the interest of the Magnum / Unit holders.

All loads including CDSC are intended to enable the AMC to recover expenses incurred for promotion or distribution and sales (including agents' commission) of the schemes. All loads including CDSC for each scheme shall be maintained in separate accounts and may be utilized towards meeting the selling and distribution expenses. Any surplus in these accounts may be credited to the scheme, whenever felt appropriate by the AMC.

In accordance with SEBI Regulations, the repurchase price will not be lower than 93% of the NAV and the sale price will not be higher than 107% of the NAV, and the difference between sale price and repurchase price shall not exceed 7% of the sale price.

### 2. New Fund Issue Expenses

#### (a) Present scheme

Pursuant to SEBI Circular No. SEBI/IMD/CIR No. 1/64057/06 dated April 4, 2006, the New Fund Offer expenses shall not be charged to the Scheme. All Initial Issue Expenses will be borne by the AMC.

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### b. Past Schemes

Scheme Name	Estimated Issue Expenses	Actual Issue Expenses	Remarks
Magnum COMMA Fund	5.60% of Intial issue corpus	Rs. 37.28 crores or 3.85% of initial issue corpus	Deviation on account of higher mobilization during the NFO
Magnum Multicap Fund	5.60% of Intial issue corpus	Rs. 75.08 crores or 3.57% of the initial issue corpus	Deviation on account of higher mobilization during the NFO
Magnum Monthly Income Plan-Floater	3.00% of Intial issue corpus	Rs. 1.49 crores or 1.57% of the initial issue corpus	Deviation on account of higher mobilization during the NFO
SBI Bluechip Fund	5.60% of Intial issue corpus	Rs. 107.52 crores or 3.76% of the initial issue corpus	Deviation on account of higher mobilization during the NFO

### c. Annual scheme recurring expenses

The fees and expenses of operating the scheme on an annual basis, expressed as a percentage of the amount of the scheme's weekly average net assets, are estimated as follows:

Nature of expense	(%)
AMC Fees	1.00
Marketing expenses	0.50
Registrar expenses	0.15

Nature of expense	(%)
Custodial Charges	0.07
Miscellaneous expenses *	0.53
<b>Total</b>	<b>2.25</b>

\*Miscellaneous expenses include Trustee Fee, Audit Fee, Banking & Handling Charges, Investor Communication expenses.

The AMC reserves the right to increase and decrease the fee within the ceilings prescribed under SEBI Regulations. The above annual recurring expenses are only the estimates and the actual expenses may vary from the above estimates but will be restricted to the ceilings of recurring expenses stated in Regulation 52(6) of the SEBI (Mutual Funds) Regulation, which are as follows:

Category of expense	Ceilings as per SEBI
Investment management & advisory fee to be charged by the AMC.	Subject to the following ceilings : i) Not exceeding 1.25% of the average weekly net assets of the scheme outstanding in the year as long as the net assets do not exceed Rs. 100 crores and ii) 1% of the amount in excess of Rs. 100 crores where net assets so calculated exceed Rs. 100 crores
Fees and expenses of Trustees	0.01% of the average weekly net assets, subject to a minimum of Rs. 15 lakhs to be allocated across all schemes of the fund.
Custodian fee	On actuals, within the overall ceiling mentioned below
Registrar Services for transfer of units sold or redeemed	On actuals, within the overall ceiling mentioned below
Brokerage & Transaction cost	On actuals, within the overall ceiling mentioned below
Audit fees	On actuals, within the overall ceiling mentioned below
Marketing & selling expenses, including agent commission, if any	On actuals, within the overall ceiling mentioned below.
Cost of investor communication & statutory advertising	On actuals, within the overall ceiling mentioned below
Cost of providing account statements & dividend redemption warrants	On actuals, within the overall ceiling mentioned below
Cost of fund transfer from location to location	On actuals, within the overall ceiling mentioned below
Insurance premium paid by the fund	On actuals, within the overall ceiling mentioned below
Winding up costs	On actuals, within the overall ceiling mentioned below

Category of expense	Ceilings as per SEBI
Total Expenses Charged to the scheme	Subject to the following limits : i) 2.50% on the first Rs. 100 cr. of average weekly net assets. ii) 2.25% on the next Rs. 300 cr. of average weekly net assets iii) 2.00% on the next Rs. 300 cr. of the average weekly net assets iv) 1.75% on the balance of the average weekly net assets

The purpose of the table is to assist the investor in understanding the various costs and expenses that an investor in the scheme will bear directly or indirectly. Any expenses incurred in excess of the above overall limits will be borne by the AMC.

## XII. MAGNUMS/UNITS AND OFFER

### 1. Issue Price

**Initial Issue:** Rs. 10/- per Magnum / Unit for cash.

#### Ongoing basis:

On an ongoing basis, Magnums/Units under the scheme(s) will be offered for sale on all working days at NAV related prices, however, redemption / repurchase under the Scheme will be available only on the interval date i.e Friday of the week immediately preceding the last Thursday (settlement day) of the month and applicable NAV for redemption / repurchase would be NAV of the scheme as on the settlement day. Redemption / repurchase application received after the cut-off date shall be considered as redemption / repurchase for the subsequent settlement day. In case the Friday is a holiday, then the immediately preceding day would be the cut-off day for the effecting repurchase requests.

For subscription / purchase to the scheme, the number of units allotted will be equal to the amount invested divided by the Sale Price for the same working day for applications received at the collection centres before 3.00 p.m. and Sale Price of next working day for applications received at the collection centres after 3.00 p.m., viz. for an application received on Tuesday after 3.00 p.m. the Sale Price will be based on the closing NAV of Wednesday. Applications received by post will be deemed to have been submitted on the date of receipt at the registrar's end. Sale Price: The Sale Price is based on the applicable NAV and it includes the sales charge (if any). This is calculated as follows:

Sale Price = Applicable NAV per Magnum / Unit [1 + (applicable sales charge / 100)]

Illustration :

NAV - Rs. 15; Entry Load - 1%

Sale Price = 15(1+0.01) = Rs. 15.15

### 2. Options for investment

SBI Arbitrage Opportunities Fund is an open-ended scheme offering investor two options for investment - Growth option and Dividend option. The Dividend option would endeavour to declare dividends subject to the availability of distributable surplus and at the discretion of the Fund Manager subject to the necessary approvals as per SEBI Regulations. The Growth option would not declare dividends and returns in this option would be through capital appreciation only. Both options however may declare bonus units subject to the availability of distributable surplus. Both the options would be maintained as a common portfolio.

### 3. Target Corpus

The AMC seeks to raise a minimum corpus of Rs. 1 crore, under the scheme. The AMC reserves the right to retain in full, the subscription received over and above the target corpus.

The AMC reserves the right of discretion to close the scheme for subscription with one day's notice.

### 4. Refund of application money

In case of failure to mobilize the minimum amount mentioned

above, the mutual fund and the asset management company are liable to refund the application money to the applicants in accordance with Regulation 35 of SEBI (MF) Regulations, 1996, within a period of six weeks from the date of closure of subscription by registered AD and by cheque or demand draft marked "A/C Payee" to the applicants. Also, in the event of delay in refunding the amounts within 6 weeks, the AMC shall be liable to pay interest to the applicant at a rate of 15% p.a. on the expiry of 6 weeks from the date of closure of subscription list and will be charged to the AMC. Refund orders will be marked "a/c payee only" and will be in favour of and dispatched to the first/sole applicant, by registered post.

Regulation 35(3) states that:

*"Any amount refundable shall be refunded within a period of six weeks from the date of closure of subscription list, by registered A.D. and by cheque or demand draft marked "A/c payee" to the applicants."*

Regulations 35(4) further states that:

*"In the event of failure to refund the amounts within the period specified in sub-regulation (3), the asset management company shall be liable to pay interest to the applicants at a rate of fifteen percent per annum on the expiry of six weeks from the date of closure of the subscription."*

### 5. Date of opening of subscription list:

September 15, 2006

### 6. Period for which NFO subscription is open

**New Fund Offer:** The subscription will be open to the public for 29 days from the commencement of banking hours on September 15, 2006 to the close of banking hours on the October 13, 2006. The AMC reserves the right to extend the closing date, subject to, however, the condition that the subscription shall not be kept open for more than 30 days. However, the AMC reserves the right to close the subscription earlier, after giving a day's notice to the investors. The AMC also reserves the right to suspend the issue at any time after a week's notice.

**On Ongoing basis:** The scheme will be open for fresh subscription on a daily basis from November 8, 2006 all Business days. However, the Fund may temporarily suspend acceptance of fresh applications at any time.

### 7. Allotment

Allotment will be made to all applicants in the New Fund Offer provided the applications are complete in all respects and are in order. The allotment will be made as on November 3, 2006.

On an ongoing basis issue of Magnums / Units may be discontinued or suspended if the trustees feel that increase in the size of the fund would be detrimental to the interest of existing investors. Application for issue of Magnums / Units will not be binding on the fund and may be rejected.

Investors will be issued a Magnum / Unit Statement of Account in lieu of Magnum / Unit Certificates. Dispatch of Magnum / Unit statements of account will be made as soon as possible but before the scheme reopens for continuous offer in case of NFO

investments and not later than 10 days from the date of investment for investments made after the scheme reopens for continuous subscription. If an investor specifically requests the Registrars in writing for issue of a Magnum / Unit Certificate, the Magnum / Unit Certificates shall be sent to the investor within 6 weeks of receipt of request as stipulated under SEBI Regulation 36.

### 8. Interest on application money

No interest will be paid on the application amount.

### 9. Date of commencement of the scheme

The Scheme shall open on an ongoing basis on November 8, 2006.

### 10. Listing & Transfer

Magnums / Units purchased under the scheme are not transferable and since units are available for repurchase on all business days on an ongoing basis, the scheme will not be listed on any stock exchange.

### 11. Jurisdiction

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

### 12. Power to Make Rules

The Trustees may from time to time, with prior approval of SEBI, prescribe such terms or make such rules for the purpose of giving effect to the provisions of this scheme with power to the AMC to add to, alter or amend all or any of the terms or rules that may be framed from time to time. However, any alteration amounting to a change in fundamental attributes of the scheme shall be made only in accordance with SEBI Regulations as stated elsewhere in the offer document.

### 13. Power to remove difficulties

In case of any difficulty in giving effect to the provisions of the scheme, the Trustees may do anything not inconsistent with such provisions, which appears to them to be necessary, desirable or expedient, for the purpose of removing such difficulty.

### 14. Scheme to be binding

The Trustees may, from time to time, add to or otherwise vary or alter all or any of the features or terms of the scheme, with prior approval of SEBI and the Magnum / Unit holders in accordance with SEBI Regulations, and the same shall be binding on each Magnum / Unit holder and any person(s) claiming through or under it, as if each Magnum / Unit holder or such person(s) expressly agreed that such features or terms should be so binding.

### 15. Termination of the scheme

The Trustees reserve the right to terminate the scheme at any time if the corpus of the scheme falls below Rs. 1 crore. Regulation 39(2) of the SEBI Regulations provides that any scheme of a mutual fund may be wound up after repaying the amount due to the Magnum / Unit holders:

- (a) on the happening of any event which, in the opinion of the Trustees, requires the scheme to be wound up; or
- (b) if 75% of the Magnum / Unit holders of a scheme pass a resolution that the scheme be wound up; or

- (c) if SEBI so directs in the interest of the unit holders.

Where a scheme is wound up under the above Regulation, the trustees shall give a notice disclosing the circumstances leading to the winding up of the scheme:

- (a) to SEBI; and
- (b) in two daily newspapers having circulation all over India & a vernacular newspaper circulating at the place where the mutual fund is formed.

In case of termination of the scheme, the Trustees shall proceed as follows:

From the proceeds of the assets of the scheme, the Trustees shall first discharge all liabilities of the scheme and make provision for meeting the expenses of the winding-up of the scheme, including the fees of the AMC. The Trustees shall distribute the proceeds to the Magnum / Unit holders, in proportion to their respective interest in the assets of the scheme as on the date when the decision for winding up was taken, all proceeds derived from the realization of the investments, after recovering all costs, charges, expenses, claims, liabilities, whether actual or contingent, incurred, made or apprehended by the Trustees in connection with or arising out of the termination of the scheme. It will be ensured that the redemption proceeds are dispatched to the Magnum / Unit holder within a maximum period of 10 working days from the date of redemption for the holders of Statement of Account, or from the date he/ she has tendered the Magnum / Unit certificates to the Registrars.

16. As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non fulfillment with either of the above two conditions in a three month time period or the end of the succeeding calendar quarter, whichever is earlier, from the close of the New fund offer of openended schemes or on an ongoing basis for each calendar quarter, the schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investor's money would be redeemed at applicable NAV.

SEBI has provided further clarifications vide circular SEBI/IMD/Cir No. 1/42529/05 dated 14th June 2005 in respect to determining the breach of the 25% limit by an Investor - (i) the earlier circular would be applicable at the portfolio level. (ii) The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor will be computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period.

### XIII. SALE OF MAGNUMS/UNITS

#### 1. How to Apply

##### Initial Issue:

Applications complete in all respects together with necessary remittance may be submitted before the closing of the offer at any SBIMF Investor Service Centres/Investor Service Desks, SBI MF Corporate Office, designated office of Registrar and the Investor Service Centres of the Registrar or other such collecting centres as may be designated by AMC. The application amount in cheque or Demand Draft shall be payable to “SBI Arbitrage Opportunities Fund”. No outstation cheques or stockinvests will be accepted. For valid applications made through outstation drafts (i.e., at such locations where there is no authorized collecting branch for the Issue of the scheme) payable at a collecting branch where the application is deposited, the draft charges incurred (as per guidelines of Indian Banks Association) may be reimbursed (subject to a maximum of Rs. 1875) to the investors. In such a case, the draft charges may be deducted upfront from the application amount. Applications by mail should be mailed directly to the Registrars and must be accompanied by a Demand Draft payable at Chennai.

Investors are advised to fill up the details of their bank account numbers on the application form in the space provided. Please refer to the para "Bank Account Numbers" later in this section. Investors can also opt for Electronic Credit Clearing System (ECS) facility being offered at select centres and receive direct credit of their repurchases into their bank accounts through designated Banks.

**Ongoing Basis:** After the scheme reopens for sale/repurchase, applications to the scheme, complete in all respects together with necessary remittance, may be submitted at the SBIMF Investor Service Centres, the designated offices of the Registrar or such other collection centres as may be designated by the AMC. The number of units allotted will be equal to the amount invested divided by the Sale Price for the same working day for applications received at the collection centres before 3.00 p.m. and Sale Price of next working day for applications received at the collection centres after 3.00 p.m. Applications received by post will be deemed to have been submitted on date of receipt at the registrar's end. In case of payment by cheques, the amount of investment will be deemed to be the amount realized net of bank charges (if any). In case of applications made by a demand draft, the draft charges may be deducted from the amount to be invested, only for applications sent by mail from centres not having a collection account for the scheme.

**Procedure for NRIs:** Applications on a Repatriable basis will be made by remitting funds from abroad through normal banking channels or by submitting payments made by demand drafts purchased from FCNR accounts or by cheques drawn on NRE accounts or through Special Non-resident Rupee Accounts maintained with banks authorized to deal in foreign exchange in India. NRI applicants are requested to instruct the bank branch through which they have made the remittance or where they have the NRE / FCNR / Special Non-resident Rupee Account to send the necessary FIRC's in original on security paper to the registrars as soon as possible to enable early processing of their applications. A copy of these instructions to the bank may also be enclosed along with the application to expedite the follow-up by the registrars.

All investors may make only a cheque/D.D. for the application amount payable to the scheme as specified in the application form. The investors are advised to fill up the details of their bank account numbers on the application form in the space provided. Please refer to the para "Bank Account Numbers" later in this section. No cash will be accepted.

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

#### 2. Systematic Investment Plan (SIP) facility

Systematic Investment Plan (SIP) facility Under SIP, a minimum of Rs. 5000 can be invested every month for six months / Rs. 2500 every month for a year / Rs. 7500 per quarter for atleast one year by indicating in the application form or by issuing advance instructions to the Registrars at any time. For individual investors, the fund offers a Systematic Investment Plan (SIP) at all our Investor Service Center locations. Under this Facility, an investor can invest a fixed amount. The minimum amount of investment for SIP transactions is **Rs.30,000** (aggregate) either through Rs. 2500 per month (for 12 months) or Rs. 5000 per month (for 6 months) or Rs. 7500 per quarter (for 12 months). This facility will help the investor to average out their cost of investment over a period of six months or one year and thus overcome the short-term fluctuations in the market.

**This facility is not available during the NFO period.**

Investors can subscribe to SIP facility (after the scheme reopens on an ongoing basis), either through Easy Pay Facility or post dated cheques, investors must indicate their choice on their application form in the box provided for the purpose. The post-dated cheques must be dated the 5th/ 15th/25th of every month and drawn in favour of the scheme as specified in the application form and crossed "Account Payee Only". The application may be mailed to the Registrars directly or submitted at any of the Investor Service Centres. The number of Magnums/Units allotted to the investor will be equal to the amount invested per SIP divided by the Sale Price for that day. An intimation of the allotment will be sent to the investor. The investor may terminate the facility after giving at least three weeks' written notice to the Registrar.

#### Subscription to SIP through Easy Pay Facility (Auto Debit)

The Easy Pay facility is currently being offered to only investors having bank account in the following cities:

Sr. No	City	Sr. No.	City
1	Ahmedabad	24	Kozhikode (Calicut)
2	Allahabad	25	Lucknow
3	Amritsar	26	Ludhiana
4	Bangalore	27	Madurai
5	Baroda	28	Mangalore
6	Bhopal	29	Mumbai
7	Bhubaneshwar	30	Mysore
8	Chandigarh	31	Nagpur

Sr. No	City	Sr. No.	City
9	Chennai	32	Nashik
10	Coimbatore	33	New Delhi
11	Goa	34	Patna
12	Guwahati	35	Pune
13	Gwalior	36	Raipur
14	Hubli	37	Rajkot
15	Hyderabad	38	Surat
16	Indore	39	Thrissur
17	Jabalpur	40	Trichy
18	Jaipur	41	Trivandrum
19	Jamshedpur	42	Varanasi
20	Kanpur	43	Vijayawada
21	Kochi	44	Vizag
22	Kolhapur		
23	Kolkata		

The AMC has the discretion to include more cities/remove cities from the above list offering the Easy Pay Facility at any time. Completed application form, SIP Auto debit mandate form and the first cheque should be submitted 30 days before the transaction date. Investors should mandatorily give a cheque for the first transaction drawn on the same bank account for Easy Pay Facility.

Subsequent debits from the account and allotment of magnums / Units would commence from 5th December 2006 onwards. Investors also need to give a cancelled cheque / photocopy of the cheque from the same account. This is needed for validation of the investor's bank account. Easy pay facility is available only on the specific dates viz. 5th / 15th / 25th of every month on an ongoing basis.

The application form, mandate form along with the cancelled cheque / photocopy of the cheque should be sent to Investor Service Center/Investor Service Desk or designated collection centres of the Registrar.

Existing investors are required to submit only the SIP Auto Debit mandate form indicating the existing folio number and the investment details as in the SIP Auto debit form along with the first cheque and the Cancelled cheque / Photocopy of the cheque.

### Subscription to SIP through Post Dated Cheques

On an ongoing basis, investors may subscribe to the scheme through the SIP facility and payable through Post Dated cheques. Investors must indicate their choice on their application form in the box provided for the purpose. The post-dated cheques must be dated the **5th/15th/25th of every month** and drawn in favour of the scheme as specified in the application form and crossed "Account Payee Only". The application may be submitted at any of the nearest Investor Service Centres/ Investor Service Desks. The number of Magnums allotted to the investor will be equal to the amount invested during the month divided by the Sale Price for that day. An intimation of the allotment will be sent to the investor. The investor may terminate

the facility after giving at least three weeks' written notice to the Registrar.

Facility for Subscription to SIP through Post Dated Cheques, for Investor residing at the place where the AMC authorized investor service centre/ collection centre is not located, may be availed as follows:

- 1) The initial investment should be made by way of demand draft after deducting the demand draft charges drawn as payable at the nearest respective investor service centre only.
- 2) The subsequent SIP investments should be accompanied by post-dated cheques dated the 5th/15th/25th of every month and drawn in favour of the scheme as specified in the application form and crossed "Account payee only".
- 3) The application along with Demand draft and the Post Dated cheques should be submitted at any of the nearest Investor Service Centres/Investor Service Desks.

The Fund will reimburse demand draft charges subject to a maximum of Rs 1,875 only for investors residing at places where the AMC authorized investor service centre/ collection centre is not located.

No demand draft charges will be reimbursed by the Fund for purchase of units by investors residing at such locations where such authorized investor service centre/ collection centre are located.

There would be entry/exit load (irrespective of the mode of subscription) for SIP transactions. Please refer chapter XI for details

### 3. Systematic Withdrawal Plan

Under SWP, a minimum of Rs. 500 can be withdrawn every month or quarter by indicating in the application form or by issuing advance instructions to the Registrars at any time. SWP entails redemption of certain number of Magnums / Units that represents the amount withdrawn. Thus it will be treated as capital gains for tax purposes. A minimum balance of 25% of the net assets should be maintained in the investment account under all conditions failing which the balance amount in the investor's folio maybe compulsorily redeemed by the Mutual Fund.

### 4. Systematic Transfer Plan

Systematic Transfer Plan is a combination of systematic withdrawal from one scheme and systematic investment into another scheme. Therefore the minimum and maximum amount of withdrawals applicable under SWP would be applicable to STP also. Similarly the minimum investments applicable for each scheme under SIP would be applicable to STP. STP facility would allow investors to transfer a predetermined amount or units from one scheme of the Mutual Fund to the other. The transfer would be effected on any business day as decided by the investor at the time of opting for this facility. STP would be permitted for a minimum period of six months between two schemes. The transfer would be affected on the same date of every month (or on the subsequent business day, if the date of first transfer is a holiday) on which the first transfer was affected. STP can be terminated by giving advance notice to the Registrars.

**Applicable Loads for SIP and STP transactions :**

Please refer Chapter XI.

**Please note**

There is no ceilings on transfer of investments from the switch out schemes Accordingly, an investor would be permitted to transfer any amount from the switch-out scheme subject to maintaining the minimum investment requirement as stipulated for the switch out scheme.

**5. Minimum amount of subscription per application  
New Fund Offer and Ongoing basis:**

The minimum amount of subscription per application is Rs. 25000/- and in multiples of Rs. 1000/- thereafter. For investors opting for Systematic Investment Plan, the minimum amount of subscription per application is Rs. 30,000/-. Systematic Investment Plan is not available during the NFO.

The Mutual Fund reserves the right to alter the minimum subscription amount under the scheme.

**6. Maximum amount of subscription per application**

No upper limit.

**7. Who can invest**

Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme and are authorised to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorisations 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 Scheme:

- 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: 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.

**8. Who can not invest**

It should be noted that the following entities cannot invest in the scheme(s) :

1. Any individual who is a Foreign National
2. Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the Scheme. 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).
3. Non-Resident Indians residing in the United States of America and Canada.

SBIMFTCPL reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.

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

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

**9. Defective applications liable for rejection**

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

### **10. Bank Account Numbers**

In order to protect the interest of the Magnum / 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. Investors are requested to provide these details in the space provided in the application form. This measure is intended to avoid fraud / misuse or theft of warrants in transit. Kindly note that applications not containing these details may be rejected.

### **11. Permanent Account Number (PAN)**

Pursuant to the Notification No. 288 of 2004 dated. 1st December 2004 issued by the Central Board of Direct Taxes, it is brought to the notice of all investors that with effect from 1st January 2005, while making an application for purchase of units for Rs. 50000 or more in a mutual fund, investors should compulsorily quote their Permanent Account Number (PAN) in the application form. Purchase of units would include Fresh purchases, additional purchases, Switch, Systematic Investment Plan/Systematic Transfer Plan. Further Investors at the time of application must

also submit PAN photocopy, PAN letter, refund order or demand notice from IT department, where in PAN is mentioned. No other form of declaration will be accepted. In case of joint applications, the PAN of all the applicants should be quoted supported by the submission of relevant documents.

In case a person, making an application for purchase of units in a mutual fund is a minor and does not have any income chargeable to income-tax, he/she shall quote the PAN of his/her father or mother or guardian, as the case may be, in the application form.

In case a person does not have a permanent account number and makes an application for purchase of units in a mutual fund, the said investor should make a declaration in Form No. 60 /Form No. 61 giving therein the particulars the transaction.

Applications where the PAN is not quoted or the declaration is not provided in the Form 60/Form No. 61 (where the investor does not have a PAN) would be rejected by the Mutual Fund without any reference to the investor

## XIV. REDEMPTION AND REPURCHASE

### 1. Repurchase facility

The Magnums / Units purchased under this scheme can be sold back to the fund on the interval day after the scheme opens for continuous offer. Applications for repurchase may be submitted at the Registrar's Office, SBI MF Investor Service Centres/ Investor Service Desks or SBI MF Corporate Office on any business day. However, repurchase application shall be processed at the NAV of the interval day.

All repurchase requests received under the scheme till upto 3:00 p.m. on the Friday (in case such Friday is a holiday, then the last business day) of the week preceding the interval day would be processed at the NAV (with applicable exit load) of the interval day. The interval day would be the settlement Thursday (the settlement day for derivatives segment in the NSE which is currently last Thursday of the month) or any other day which is declared as the settlement day for derivatives segment by the NSE.

Concept of redemption / repurchase on interval date and cut-off date can be understood by following example:

For the month of November 2006, redemption / repurchase applications will be accepted up to the 24th November 2006 (Friday immediately prior to the settlement date). Settlement date for derivatives segment in November 2006 is 30th November 2006. Repurchase for the month of November 2006 would be effected based on the NAV of 30th November 2006. However, repurchase applications received after the 24th November 2006 will be processed based on the NAV to be declared on the 28th December 2006 (settlement date for derivatives in December 2006).

Applications received by post will be deemed to have been submitted on the date of receipt at the registrar's end.

The Magnum / Unit holder may request the redemption of a specified rupee amount or a specified number of Magnums / Units. The redemption would be permitted to the extent of the credit balance in the Magnum / Unit holder's account. The number of Magnums / Units redeemed will be equal to the amount redeemed divided by the applicable repurchase price. The number of Magnums / Units redeemed will be subtracted from the Magnum / Unit holder's account and a revised account statement will be issued to the Magnum / Unit holder. Magnums / Units purchased by cheque cannot be redeemed till the cheque is cleared.

The scheme will charge the following exit load for investors subscribing to the scheme during the new fund issue period and on an ongoing basis:

For investments below Rs. 50 Lakhs

Entry Load - Nil

Exit Load - 0.25% for exit up to and including 20th April 2007 (during NFO) \*

For investments of Rs. 50 lakhs and above

Entry Load - Nil

Exit Load - Nil

\* On an ongoing basis there will be an Exit Load of 0.25% for exit within 6 months from the date of Allotment.

### Illustration

Face Value or entry NAV: Rs. 10

NAV on the date of repurchase (exit within 12 months from the date of reopening): Rs. 15

Exit load: 1%

Repurchase price: NAV on the repurchase date - (NAV on the date of repurchase\*exit load)

Repurchase price:  $15 - (15 \times 0.01) = \text{Rs. } 14.85$

The above illustration does not include the impact of Securities Transaction Tax (STT) on the repurchase price.

The scheme would levy a Securities Transaction Tax (STT) of 0.25% at the time of repurchase from all investors regardless of the amount/date of investment. The STT would be computed on the applicable NAV as on the date of repurchase and will be applicable for repurchase, switch-outs and transfer outs.

The concept of Securities Transaction Tax is explained by means of an example below:

Investment Amount: Rs. 10000

Entry NAV: Rs. 10

Magnums / Units allotted: Investment amount/entry NAV i.e. 1000

NAV on the date of repurchase: Rs. 15.00

Exit load: 1%

Repurchase price: Rs. 14.85

Units redeemed: 1000

Amount payable by the Fund: 14850

Amount payable net of STT: (Amount/1.0025) i.e. Rs 14813

Securities Transaction Tax deducted: Rs. 37

The above illustration is only for the purpose of understanding Securities Transaction Tax and should not be construed as an indication of the scheme's performance.

There will be no load for switchovers between the two Plans in the scheme but switchover between schemes will be at NAV related prices.

### 2. Minimum Amount of Repurchase per Application

The minimum amount of repurchase would be Rs. 1000/- or 100 Magnums / Units whichever is lower. If as a result of repurchase the balance in the account of an investor falls below Rs. 25,000/- the fund will reserve the right to compulsorily redeem the account completely at applicable repurchase price, after giving him/her 30 days' notice requesting him to enhance the balance by making fresh investments.

### 3. How to Repurchase

The application for repurchase can be made on a pre-printed repurchase application form sent along with the Magnum Statement of Account mailed to the investor. In this connection, the repurchase applications along with the Magnum certificates (if any) should be submitted to the Registrars or at SBI MF Investor Service Centres /Investor Service Desks.

For applications made on either / anyone or survivor basis, only one of the holders needs to sign on the repurchase application.

However, the repurchase warrant will normally be issued in the name of the first holder only.

A complete list of the ISC/ISD and Points of Acceptance in Overseas locations is given in the section 'Investors' Rights & Services'. SBIFMPL may appoint additional centres for acceptance of applications, if required.

#### 4. Repurchase Schedule and Service Standards

The redemption will be permitted to the extent of credit balance in the Magnum / Unit holders' account. The repurchase warrant will normally be dispatched to the investor within 5 business days from the date of repurchase.

#### 5. Right to Limit Redemptions

The Mutual Fund reserves the right to temporarily suspend further reissues or repurchases under the scheme in case of any of the following:

- a natural calamity / strikes / riots and bandhs or
- in case of conditions leading to a breakdown of the normal functioning of securities markets or
- periods of extreme volatility of markets, which in the opinion of AMC, prejudicial to the interest of the unit holders of the scheme or illiquidity
- under a SEBI or Government directive
- under a court decree / directive
- in the event of any force majeure or disaster that affect a normal functioning of AMC or the Registrar
- political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC.

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 Board of Directors and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

#### 6. Switchover facility

Magnum / Unit holders under the scheme will have the facility of switchover between the two Options in the scheme at NAV. Switchover between this scheme and other schemes of the Mutual Fund would be at NAV related prices. At the time of switchover, the investors will be required to surrender Magnum certificates / Statement of Accounts.

Switchovers would be at par with redemption from the outgoing option/Plan/scheme and would attract the applicable tax provisions and load at the time of switchover.

#### 7. Loan facility

Magnum / Unit holders can obtain loan against their Magnums/ Units from any bank, subject to relevant RBI regulations and the respective bank's instructions, by getting a lien registered / recorded with the Registrars. In addition to this Magnum / Unit

holders can obtain loans against their Magnums/Units from State Bank of India by getting a lien registered/recorded with the Registrars subject to the conditions of State Bank of India.

Magnum / Unit holders who have borrowed against their Magnums/Units by recording a lien against their holding can avail of repurchase facility only after the receipt of instructions from the concerned lender that the loan has been repaid in full and the lien can be discharged. In case such an instruction is not received, the lender can apply for redemption in his favour. In such a case, the Mutual Fund reserves the right to redeem the Magnums/Units in favour of the concerned lender after giving 15 days notice to the Magnum / Unit holder.

#### 8. Nomination facility/ succession

Nomination facility is available only for individuals applying on their own behalf, either singly or jointly upto three. 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. Applicants can nominate only one person. This facility is also available to NRI investors. Only resident Indian individuals maybe nominated. 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.

#### 9. Redemption record

Till date SBI Mutual Fund has redeemed 24 schemes. The redemption details for these schemes are given below:

Scheme	Redeemed on	Compounded Annualized Yield (p.a.)
MRIS 87	30th June 1993	15.26%
MTSS 88-89	31st Mar 1994	21.89%
MRIS 89	31st Mar 1994	15.73%
MTSS 90	31st Mar 1995	15.38%
MRIS 90	31st July 1995	11.46%
MMIS 89	31st Dec 1996	13.99%
MEX 91	19th Nov 1997	2.60%
MTPL 91	19th May 1999	15.78%
MBF	31st Jan 2000	17.17%
MMIS 91	30th June 2000	14.13%
MELS 91	31st Mar 2001	12.30%
GIFTS A & B	31st Mar 2002	4.42% (GIFTS B)
MMIS 98(I)	31st Mar 2003	12.5% guaranteed for five years
MMIS 97	30th June 2003	11.57%
MMIS 98 (II)	31st January 2004	10.83% (Growth option)
MTP - 94	31st March 2004	3.99%
MELS - 95	31st March 2005	8.57%
MRIS - 93	14th Dec 200	9.93%
MELS - 96	31st Mar 2006	13.81%
MDFS 15M	19th Apr 2006	6.31%

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Scheme	Redeemed on	Compounded Annualized Yield (p.a.)
MDFS 13M	29th Apr 2006	6.19%
MDFS 180 Days – Nov.05	23rd May 2006	6.22%
SDFS 60 Days – Jun 06	11th Aug 2006	6.76%
SDFS 90 Days – May 06	28th Aug 2006	6.73%

However, please note that past performance is not necessarily indicative of the future results.

### 10. Extension record

The Magnum Monthly Income Scheme 1991 (MMIS'91) has been extended by 3 years from its original redemption on 30.06.1997 to 30.06.2000. The extension was done after

obtaining an approval from SEBI. An option was granted to all the investors to exit, if they so chose, at the assured return price of Rs. 100 per Magnum. Simple yield p.a. as on 30.06.1997 was 14.13%.

Three other equity schemes - Magnum Equity Fund (previously known as Magnum Multiplier Scheme 1990 (MMS'90)), Magnum Multiplier Plus Scheme 1993 (MMPS'93) and Magnum TaxGain Scheme 1993 (MTGS (93) - have also been converted to open-end schemes w.e.f. 1st January 1998 and 1st April 1998 and 11th November 1999 respectively, after giving the existing investors an option to redeem their Magnums/Units, if they so chose, at NAV related prices. Magnum Global Fund, an equity scheme, launched on 24th August 1994, with redemption date of 30th September 1999, has also been converted into an open-end scheme w.e.f. 1st October 1999, after giving the existing investors an option to redeem their Magnums/Units, if they so chose, at NAV related prices.

## XV. DIVIDEND AND DISTRIBUTIONS

### 1. Returns to the Investors

Under the Growth option, no dividends will be distributed. The returns to investors will be through capital gains at the time they choose to repurchase any or all of their holdings. Investors may refer to the next section "Redemption and Repurchase" for further information.

The declaration of dividends would depend on the investment performance of the scheme subject to availability of distributable surplus. The procedure and manner of payment of dividend shall be in line with SEBI circular / guidelines no. SEBI / IMD / CIR No. 1 / 64057 / 06 dated April 04, 2006 and SEBI / IMD / CIR No. 3 / 65370 / 06 dated April 21, 2006 as amended from time to time. The declaration of dividends and the percentage to be distributed will depend upon the NAV at that time and no returns are assured under the scheme.

Refer to the section "Tax Treatment of Investments in Mutual Funds" for further information on the tax liabilities for investors on account of capital gains/dividends.

### 2. Dividend Reinvestment Facility

The Magnum / Unit holders may reinvest any dividend due to them, at no sales charge by indicating at the appropriate place in the application form. The dividend reinvestment may be cancelled on receipt of a request from the Magnum / Unit holders for the same.

### 3. Mode of Distribution

The dividends will be distributed to the investors under the Dividend option through warrants / ECS / Direct Credit / Demand

Drafts / local Cheques mailed to them within 30 days of declaration of dividends. Investors residing in such places where Electronic Clearing Facility is available will have the option of receiving their dividend directly into their specified bank account through ECS. In such a case, only an advice of such a credit will be mailed to the investors.

### 4. Electronic Credit Clearing Service (ECS)

ECS is a facility offered by the Reserve Bank of India for facilitating better customer service by direct credit of dividend amount to an investor's bank account through electronic credit. This helps in avoiding loss of dividend warrants in transit or fraudulent encashment. This facility is optional for the investors in the scheme.

Dividends proceeds may be distributed through the ECS facility to investors residing in any of the cities where such a facility is available. All investors will have to provide the additional details required in the space provided on the application form. If they have also opted for the ECS facility, their bank branch will directly credit the amount due to them to their account wherever the payment is through ECS. The Registrars will send a separate advice to the investors informing them of the direct credit.

The ECS facility will be offered by the Fund in any centre only if there is sufficient demand for the facility. In places where such a facility is not available or if the facility is discontinued by the scheme for any reason, the dividend warrants will be mailed to the investors.

## XVI. CONDENSED FINANCIAL INFORMATION

## 1. Historical Per Unit Statistics

The financial information for Schemes/Plans launched by the Mutual Fund during the last three fiscal years and updated for the current fiscal year upto May 15, 2006 is detailed below:

Particulars	MSFU – EBF (Dividend)		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	16.97	14.57	10.22
Net income per unit	2.16	5.14	0.01
Dividends per unit	–	7.20	–
Transfer to reserves	–	-5.57	8.52
NAV at the end of the period (Rs.)	14.84	16.97	14.57
Annualized return since inception for the period (%)	65.35	93.46	45.70
Net Asset at the end of the period (Rs. crores)	250.92	365.59	110.01
Ratio of Recurring expenses to Net Assets (%)	2.50	2.29	1.16
BSE 500 Index (Benchmark)	41.52	57.72	–

(Date of allotment of units: 20th Sept. 2004)

Particulars	MSFU – EBF (Growth)		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	27.61	14.57	10.22
Net income per unit	0.84	8.58	0.01
Dividends per unit	–	–	–
Transfer to reserves	–	-34.46	2.26
NAV at the end of the period (Rs.)	24.16	27.61	14.57
Annualized return since inception for the period (%)	57.08	93.86	
Net Asset at the end of the period (Rs. crores)	71.15	96.01	29.24
Ratio of Recurring expenses to Net Assets (%)	2.50	2.29	1.16
BSE 500 Index (Benchmark)	41.52	57.72	–

(Date of allotment of units: 20th Sept. 2004)

Particulars	MGILT – LTD – PF (Regular)			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-2004
NAV at the beginning of the period (Rs.)	10.0542	9.8649	10.2145	9.9316
Net income per unit	0.01	0.40	-0.35	0.34
Dividends per unit pror to July 2004	–	–	–	0.15
Dividends per unit (Individual)	–	0.2000	–	–
Dividends per unit (Other than Individual)	–	0.1870	–	–
Transfer to reserves		0.14	–	0.07
NAV at the end of the period (Rs.)	10.2298	10.0542	9.8649	10.2145
Annualized return since inception for the period (%) <sup>^^^</sup>	1.54	0.93	0.26	0.02*
Net Asset at the end of the period (Rs. crores)	2.92	3.83	7.36	7.94
Ratio of Recurring expenses to Net Assets (%)	0.90	0.90	0.90	0.90
I-Sec LI-Bex (Benchmark)	2.04	2.15	–	9.93

(Date of allotment of units: 1st December 2003)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

Particulars	MGILT – LTD – PF 1 Yr			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.0424	9.8698	10.1990	9.9314
Net income per unit	0.01	0.37	-0.33	0.27
Dividends per unit prior to July 2004	–	–	–	0.10
Dividends per unit (Individual)	–	0.1750	–	–
Dividends per unit (Other than Individual)	–	0.1640	–	–
Transfer to reserves	–	0.32	–	0.04
NAV at the end of the period (Rs.)	10.1968	10.0424	9.8698	10.199
Annualized return since inception for the period (%) <sup>^^^</sup>	1.34	0.79	-0.13	0.02*
Net Asset at the end of the period (Rs. crores)	1.73	8.58	9.67	4.96
Ratio of Recurring expenses to Net Assets (%)	1.40	1.39	1.40	1.40
I-Sec LI-Bex (Benchmark)	2.04	2.15	–	9.93*

(Date of allotment of units: 1st December 2003)

Particulars	MGILT – LTD – PF 2 Years			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.0491	9.8892	10.2355	9.9314
Net income per unit	0.01	0.36	-0.35	0.36
Dividends per unit prior to July 2004	–	–	–	0.15
Dividends per unit (Individual)	–	0.1750	–	–
Dividends per unit (Other than Individual)	–	0.1640	–	–
Transfer to reserves	–	0.84	–	0.02
NAV at the end of the period (Rs.)	10.1967	10.0491	9.8892	10.2355
Annualized return since inception for the period (%) <sup>^^^</sup>	1.34	0.82	0.44	0.02*
Net Asset at the end of the period (Rs. crores)	1.21	22.15	27.69	2.15
Ratio of Recurring expenses to Net Assets (%)	1.55	1.53	1.55	1.55
I-Sec LI-Bex (Benchmark)	2.04	2.15	–	9.93*

(Date of allotment of units: 1st December 2003)

Particulars	MGILT – LTD – PF 3 Years			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.0442	9.8677	10.2222	9.9313
Net income per unit	0.00	0.35	-0.35	0.29
Dividends per unit prior to July 2004	–	–	–	0.10
Dividends per unit (Individual)	–	0.1500	–	–
Dividends per unit (Other than Individual)	–	0.1400	–	–
Transfer to reserves	–	0.29	–	0.09
NAV at the end of the period (Rs.)	10.1855	10.0442	9.8677	10.2222
Annualized return since inception for the period (%) <sup>^^^</sup>	1.21	0.69	-0.15	0.02*
Net Asset at the end of the period (Rs. crores)	6.39	7.67	12.39	10.34
Ratio of Recurring expenses to Net Assets (%)	1.70	1.68	1.70	1.70
I-Sec LI-Bex (Benchmark)	2.04	2.15	–	9.93*

(Date of allotment of units: 1st December 2003)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

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Particulars	MINDEX (Dividend)			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	15.1112	11.3672	13.1843	16.1904
Net income per unit	0.59	4.34	1.90	(1.67)
Dividends per unit	–	3.30	3.75	3
Transfer to reserves	–	0.43	–	0.84
NAV at the end of the period (Rs.)	15.7014	15.1112	11.3672	13.1843
Annualized return since inception for the period (%)	29.10	32.25	13.89	-0.21*
Net Asset at the end of the period (Rs. crores)	3.38	11.83	49.38	4.99
Ratio of Recurring expenses to Net Assets (%)	2.08	2.25	1.34	1.44
S&P CNX Nifty Index (Benchmark)	30.76	37.93	–	25.70*

(Date of first NAV in the option: 15th March 2004)

Particulars	Magnum Income Fund – FRP – STP - Growth		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.8841	10.3453	10.0064
Net income per unit	0.28	0.54	0.34
Dividends per unit - Individuals	–	–	–
Dividends per unit - Other than individuals	–	–	–
Transfer to reserves		2.00	Nil
NAV at the end of the period (Rs.)	11.1714	10.8841	10.3453
Annualized return since inception for the period (%)	5.33	5.07	3.45*
Net Asset at the end of the period (Rs. crores)	55.77	33.71	53.11
Ratio of Recurring expenses to Net Assets (%)	0.60	0.71	0.55
CRISIL Liquid Fund Index (Benchmark)	4.89	4.39	3.00*

(Date of allotment of units: 15th July 2004 Growth).

Particulars	Magnum Income Fund – FRP – STP – Dividend (Monthly)		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.0375	10.0174	10.0064
Net income per unit	0.31	0.51	0.34
Dividends per unit - Individuals	0.2096	0.4290	0.2844
Dividends per unit - Other than individuals	0.1958	0.3994	0.2660
Transfer to reserves	–	1.14	Nil
NAV at the end of the period (Rs.)	10.1168	10.0375	10.0174
Annualized return since inception for the period (%) <sup>^^^</sup>	4.95	4.46	2.60*
Net Asset at the end of the period (Rs. crores)	22.80	17.77	91.79
Ratio of Recurring expenses to Net Assets (%)	0.60	0.71	0.55
CRISIL Liquid Fund Index (Benchmark)	4.89	4.39	3.00*

(Date of allotment of units: 15th July 2004 (Monthly dividend))

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

Particulars	Magnum Income Fund		
	– FRP – STP – Dividend (Weekly)		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.1602	10.1694	10.1660
Net income per unit	0.39	0.51	0.35
Dividends per unit - Individuals	0.3192	0.4571	0.1620
Dividends per unit - Other than individuals	0.2976	0.4264	0.1515
Transfer to reserves	–	0.23	0.00
NAV at the end of the period (Rs.)	10.1905	10.1602	10.1694
Annualized return since inception for the period (%) <sup>^^^</sup>	4.49	5.95	1.71*
Net Asset at the end of the period (Rs. crores)	7.67	3.64	74.38
Ratio of Recurring expenses to Net Assets (%)	0.60	0.71	0.55
CRISIL Liquid Fund Index (Benchmark)	4.89	4.86	1.59*

(Date of allotment of units); 25th November, 2004 (Weekly Dividend).

Particulars	MIF – FRP – LTP (INST.)					
	DIV			GROWTH		
	1/4/06 to 31/8/06	2005-2006	2004-2005	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.1887	10.1517	10.0049	10.8971	10.3358	10.0049
Net income per unit	0.30	0.63	0.33	0.28	0.56	0.33
Dividends per unit - Individuals	Nil	0.5200	0.1600	Nil	Nil	Nil
Dividends per unit - Other than individuals	Nil	0.4847	10.1496	Nil	Nil	Nil
Transfer to reserves	–	0.27	–	–	0.12	0.00
NAV at the end of the period (Rs.)	10.4920	10.1887	10.1517	11.1804	10.8971	10.3358
Annualized return since inception for the period (%) <sup>^^^</sup>	5.12	4.63	–	5.37	5.15	–
Net Asset at the end of the period (Rs. crores)	–	4.97	1.02	5.00	2.40	4.78
Ratio of Recurring expenses to Net Assets (%)	0.75	1.29	0.91	0.75	1.29	0.91
CRISIL Liquid Fund Index (Benchmark)	4.89	4.39	–	4.89	4.39	–

(Date of allotment of units: 15th July 2004)

Particulars	MIF – FRP – LTP (REG)					
	DIV			GROWTH		
	1/4/06 to 31/8/06	2005-2006	2004-2005	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.1822	10.1417	10.0047	10.8352	10.3110	10.0047
Net income per unit	0.23	0.59	0.31	0.25	0.53	0.31
Dividends per unit - Individuals	0.1040	0.4800	0.1500	Nil	Nil	Nil
Dividends per unit - Other than individuals	0.0970	0.4459	0.1403	Nil	Nil	Nil
Transfer to reserves	–	0.50	–	–	0.70	0.00
NAV at the end of the period (Rs.)	10.3056	10.1822	10.1417	11.0904	10.8352	10.3110
Annualized return since inception for the period (%) <sup>^^^</sup>	4.56	4.36	–	4.80	4.80	–
Net Asset at the end of the period (Rs. crores)	6.56	9.14	19.38	18.13	13.55	13.54
Ratio of Recurring expenses to Net Assets (%)	1.00	1.29	0.91	1.00	1.29	0.91
CRISIL Liquid Fund Index (Benchmark)	4.89	4.39	–	4.89	4.39	–

(Date of allotment of units: 15th July 2004)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

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Particulars	Magnum Balanced Fund (Growth)		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	31.44	18.66	17.11
Net income per unit	0.97	6.76	-0.19
Dividends per unit	Nil	Nil	Nil
Transfer to reserves	–	–	0.81
NAV at the end of the period (Rs.)	30.67	31.44	18.66
Annualized return since inception for the period (%)	43.65	66.60	9.06*
Net Asset at the end of the period (Rs. crores)	52.56	36.39	5.17
Ratio of Recurring expenses to Net Assets (%)	2.50	2.44	2.03
CRISIL Balanced Index (Benchmark)	32.58	35.75	4.04

(Date of allotment of units: 20th January 2005)

Particulars	MSFU - Pharma (Growth)		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	35.59	20.52	22.15
Net income per unit	6.87	6.57	(3.43)
Dividends per unit	Nil	Nil	Nil
Transfer to reserves	–	2.69	–
NAV at the end of the period (Rs.)	33.07	35.59	20.52
Annualized return since inception for the period (%)	27.35	46.65	-7.36*
Net Asset at the end of the period (Rs. crores)	13.44	9.79	10.73
Ratio of Recurring expenses to Net Assets (%)	2.50	2.44	2.06
BSE Healthcare Index (Benchmark)	8.94	20.26	-16.89*

(Date of allotment of units: 3rd January 2005)

Particulars	MIPF-INV-GROWTH			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period	12.2696	10.8341	10.2427	10.0209
Net income per unit	0.58	1.03	0.5914	0.24
Dividends per unit before July 2004	Nil	Nil	Nil	Nil
Dividends per unit - Individuals & HUF	Nil	Nil	Nil	Nil
Dividends per unit - Other than Individuals & HUF	Nil	Nil	Nil	Nil
Transfer to reserves (Rs. Cr)	–	–	–	0.29
NAV at the end of the period	12.5074	12.2696	10.8341	10.2427
Annualized return since inception for the period	8.14	8.74	5.72	2.41*
Net Asset at the end of the period (Rs. Cr)	3.87	3.72	4.99	12.99
Ratio of Recurring expenses to Net Assets (%)	1.30	1.33	1.27	1.61
CRISIL MIP Blended Index	7.14	7.45	4.90	4.66*

(Date of allotment of units: 23rd October 2003)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

Particulars	MIPF-INV-DIV			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period	10.3618	10.1002	10.2411	10.0209
Net income per unit	0.54	0.88	0.45	0.38
Dividends per unit before July 2004	–	–	–	0.12
Dividends per unit - Individuals & HUF	0.062	0.90	0.525	–
Dividends per unit - Other than Individuals & HUF	0.058	0.8416	0.491	–
Transfer to reserves (Rs. Cr)	–	–	–	0.26
NAV at the end of the period	10.4896	10.3618	10.1002	10.2411
Annualized return since inception for the period <sup>^^^</sup>	6.89	7.28	5.78	2.38*
Net Asset at the end of the period (Rs. Cr.)	2.86	2.96	3.89	11.59
Ratio of Recurring expenses to Net Assets (%)	1.30	1.33	1.27	1.61
CRISIL MIP Blended Index	7.14	7.45	4.90	4.66*

(Date of allotment of units: 23rd October 2003)

Particulars	MIPF-SAV-GROWTH			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period	10.2921	10.2404	10.1820	10.0209
Net income per unit	0.11	0.05	0.05	0.18
Dividends per unit before July 2004	Nil	Nil	Nil	Nil
Dividends per unit - Individuals & HUF	Nil	Nil	Nil	Nil
Dividends per unit - Other than Individuals & HUF	Nil	Nil	Nil	Nil
Transfer to reserves (Rs.Crs)	–	–	–	0.25
NAV at the end of the period	10.4057	10.2921	10.2404	10.1820
Annualized return since inception for the period	1.40	1.19	1.66	1.79*
Net Asset at the end of the period (Rs.Crs.)	1.71	1.86	4.41	14.16
Ratio of Recurring expenses to Net Assets (%)	1.30	1.29	1.38	1.67
CRISIL Composite Bond Index	2.47	2.01	1.13	1.45*

(Date of allotment of units : 23rd October,2003)

Particulars	MIPF-SAV-DIV			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period	9.9594	10.1290	10.1903	10.0209
Net income per unit	0.11	0.06	-0.0613	0.33
Dividends per unit before July 2004	Nil	Nil	Nil	0.12
Dividends per unit - Individuals & HUF	Nil	0.20	Nil	Nil
Dividends per unit - Other than Individuals & HUF	Nil	Nil	Nil	Nil
Transfer to reserves (Rs.Crs)	–	–	–	0.17
NAV at the end of the period	10.0690	9.9594	10.129	10.1903
Annualized return since inception for the period <sup>^^^</sup>	1.37	1.15	1.84	1.79*
Net Asset at the end of the period (Rs.Crs.)	1.24	1.49	3.14	9.44
Ratio of Recurring expenses to Net Assets (%)	1.30	1.29	1.38	1.67
CRISIL Composite Bond Index	2.47	2.01	1.13	1.40*

(Date of allotment of units : 23rd October,2003)

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**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

Particulars	MIIF-Savings-Growth			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	11.2605	10.6558	10.1625	10.0036
Net income per unit	0.30	0.60	0.4933	0.16
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	–	20.98	–	0.69
NAV at the end of the period (Rs.)	11.5620	11.2605	10.6558	10.1625
Annualized return since inception of the period	5.36	5.16	4.82	1.60
Net Asset at the end of the period (Rs.Crs.)	1679.81	941.78	911.53	115.68
Ratio of Recurring expenses to Net Assets (%)	0.23	0.48	0.47	0.55
CRISIL Liquid Fund Index	4.68	4.25	–	3.89*

(Date of allotment of units : 22nd November 2003)

Particulars	MIIF-Savings-Daily Dividend			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
Nav at the beginning of the period (Rs.)	10.0325	10.0319	10.0173	10.0025
Net income per unit	0.26	0.55	0.4763	0.16
Dividends per unit prior to July 2004	Nil	Nil	0.1062	0.13
Dividends per unit ( Individuals)	0.2328	0.4855	0.3021	–
Dividends per unit ( Other than Individuals)	0.2167	0.4520	0.2825	–
Transfer to Reserves	–	17.51	–	1.63
NAV at the end of the period (Rs.)	10.0325	10.0325	10.0319	10.0173
Annualized return since inception of the period <sup>^^^</sup>	4.89	4.85	4.85	4.23
Net Asset at the end of the period (Rs.Crs.)	1418.15	700.31	791.64	269.05
Ratio of Recurring expenses to Net Assets (%)	0.23	0.48	0.47	0.55
CRISIL Liquid Fund Index	4.68	4.25	–	3.89

(Date of allotment of units : 22nd November 2003)

Particulars	MIIF-Savings Weekly Dividend		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.5560	10.5099	10.4980
Net income per unit	0.27	0.58	0.16
Dividends per unit prior to July 2004	Nil	Nil	Nil
Dividends per unit (Individuals)	Nil	0.3612	Nil
Dividends per unit (Other than Individuals)	0.2102	0.4448	0.1199
Transfer to Reserves	–	0.05	–
NAV at the end of the period (Rs.)	10.5682	10.5560	10.5099
Annualized return since inception of the period <sup>^^^</sup>	5.09	4.96	3.27
Net Asset at the end of the period (Rs.Crs.)	361.27	2.00	197.27
Ratio of Recurring expenses to Net Assets (%)	0.23	0.48	0.47
CRISIL Liquid Fund Index (Benchmark)	5.15	4.80	–

(Date of allotment of units : 16th December 2004)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

Particulars	MIIF-Savings Fortnightly Dividend***		
	1/4/06 to 31/8/06	2005-2006	2004-2005
NAV at the beginning of the period (Rs.)	10.0813	10.0507	10.0339
Net income per unit	0.26	0.38	0.02
Dividends per unit prior to July 2004	–	–	–
Dividends per unit ( Individuals)	–	0.0865	–
Dividends per unit ( Other than Individuals)	0.2080	0.2816	–
Transfer to Reserves	–	–	–
NAV at the end of the period (Rs.)	10.0933	10.0813	10.0507
Annualized return since inception of the period <sup>^^^</sup>	5.14	4.78	–
Net Asset at the end of the period (Rs.Crs.)	3.60	4.21	173.61
Ratio of Recurring expenses to Net Assets (%)	0.23	0.48	0.47
CRISIL Liquid Fund Index (Benchmark)	9.08	4.94	–

(Date of allotment of units : 16th December 2004) \*\*\* No NAV between 6/4/05 to 2/8/05 because of no investors in option.

Particulars	MSFU - Contra Fund Growth		Magnum Multiplier Plus 93 Growth		Magnum Global Fund Growth	
	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the Period (Rs.)	32.26	16.52	46.34	23.64	35.26	19.20
Net income per unit	-0.83	4.36	-2.30	5.57	2.24	5.16
Dividends per unit	Nil	Nil	Nil	2.10	Nil	Nil
Transfer to reserves	9.83	–	Nil	2.84	–	5.39
NAV at the end of the period (Rs.)	31.43	32.26	44.04	46.34	33.85	35.26
Annualized return since inception of the period	63.23	111.52	63.46	121.41	61.85	122.83
Net Asset at the end of the period (Rs.Crs.)	412.98	269.84	98.55	37.53	206.81	135.12
Ratio of Recurring expenses to Net Assets (%)	2.50	2.16	2.50	2.27	2.50	2.25
BSE 100 (Benchmark)	50.05	80.51	49.16	80.75	46.21	79.17

(Date of allotment of units: 9th May 2005 (Contra Fund); 26th May 2005 (MMPS 93); 27th June 2005 (Global Fund))

Particulars	Magnum MidCap Fund 2005-2006			
	Dividend		Growth	
	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the period (Rs.)	19.07	9.97	19.07	9.97
Net income per unit	2.15	0.88	2.12	0.88
Dividends per unit (Individuals)	2.50	–	–	–
Dividends per unit (Other than Individuals)	2.50	–	–	–
Transfer to reserves		70.88	–	–
NAV at the end of the period (Rs.)	15.06	19.07	17.53	19.07
Annualized return since inception for the period (%)	47.18	86.21	46.98	86.21
Net Asset at the end of the period (Rs. crores)	230.55	258.79	85.54	96.45
Ratio of Recurring expenses to Net Assets (%)	2.50	2.20	2.50	2.20
CNX MidCap Index (Benchmark)	26.65	54.24	26.65	54.24

(Date of allotment of units: 15th April 2005)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

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<b>Particulars</b>	<b>MDFS-13 MTHS-02 (Oct 05) - GROWTH</b>	
	<b>1/4/06 to 30/8/06</b>	<b>2005-2006</b>
NAV at the beginning of the period (Rs.)	10.1375	10.0000
Net income per unit	0.35	0.13
Dividends per unit	Nil	Nil
Transfer to Reserves	–	1.19
NAV at the end of the period (Rs.)	10.4826	10.1375
Annualized return since inception of the period	5.76	1.30
Net Asset at the end of the period (Rs.Crs.)	90.72	87.67
Ratio of Recurring expenses to Net Assets (%)	0.25	0.25
CRISIL Composite Bond Fund Index (Benchmark)	2.80	0.31

(Date of allotment of units: 28 October 2005)

<b>Particulars</b>	<b>MDFS-13 MTHS-02 (Oct 05) - DIVIDEND</b>	
	<b>1/4/06 to 30/8/06</b>	<b>2005-2006</b>
NAV at the beginning of the period (Rs.)	10.1373	10.0000
Net income per unit	0.34	0.13
Dividends per unit (Individual)	Nil	Nil
Dividends per unit (Other than Individual)	Nil	Nil
Transfer from Reserves	–	–
NAV at the end of the period (Rs.)	10.4810	10.1373
Annualized return since inception of the period <sup>^^^</sup>	5.74	1.30
Net Asset at the end of the period (Rs.Crs.)	0.28	0.27
Ratio of Recurring expenses to Net Assets (%)	0.25	0.25
CRISIL Composite Bond Fund Index (Benchmark)	2.80	0.31

(Date of allotment of units: 28 October 2005)

<b>Particulars</b>	<b>Magnum Multicap Fund (Growth)</b>	
	<b>1/4/06 to 31/8/06</b>	<b>2005-2006</b>
NAV at the beginning of the period (Rs.)	13.96	9.90
Net income per unit	-0.67	0.37
Dividends per unit (Individual)	Nil	Nil
Dividends per unit (Other than Individual)	Nil	Nil
Transfer from Reserves	–	58.74
NAV at the end of the period (Rs.)	13.29	13.96
Annualized return since inception of the period	32.94	39.60
Net Asset at the end of the period (Rs.Crs.)	582.83	746.51
Ratio of Recurring expenses to Net Assets (%)	2.50	1.55
BSE 100 (Benchmark)	32.58	31.92

(Date of allotment of units: 29 September 2005)

Particulars	Magnum Multicap Fund (Dividend)	
	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the period (Rs.)	13.96	9.90
Net income per unit	-0.67	0.37
Dividends per unit (Individual)	Nil	Nil
Dividends per unit (Other than Individual)	Nil	Nil
Transfer to Reserves	-	91.07
NAV at the end of the period (Rs.)	13.29	13.96
Annualized return since inception of the period	32.94	39.60
Net Asset at the end of the period (Rs.Crs.)	785.26	1157.47
Ratio of Recurring expenses to Net Assets (%)	2.50	1.55
BSE 100 (Benchmark)	32.58	31.92

(Date of allotment of units: 29 September 2005)

Particulars	Magnum NRI Investment Fund -			
	Long Term Plan - Growth Plan			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.3349	10.2179	10.0905	9.9988
Net income per unit	0.17	0.12	0.13	0.09
Dividends per unit prior to bifurcation	Nil	Nil	Nil	Nil
Dividends per unit (individuals)	Nil	Nil	Nil	Nil
Dividends per unit (Other than individuals)	Nil	Nil	Nil	Nil
Transfer to Reserves	-	-	-	0.04
NAV at the end of the period (Rs.)	10.5043	10.3349	10.2179	10.0905
Annualized return since inception of the period	1.89	1.41	1.79	0.09*
Net Asset at the end of the period (Rs.Crs.)	1.98	2.19	3.24	5.19
Ratio of Recurring expenses to Net Assets (%)	1.10	1.09	1.19	1.59
CRISIL Composite Bond Index (Benchmark)	2.44	1.93	-	0.80*

(Date of allotment of unit :13th January 2004)

Particulars	Magnum NRI Investment Fund -			
	Long Term Plan - Dividend Plan			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	9.9941	10.0486	10.0903	9.9988
Net income per unit	0.09	-0.05	0.13	0.09
Dividends per unit prior to bifurcation	Nil	Nil	Nil	Nil
Dividends per unit ( individuals)	Nil	0.1500	0.1500	Nil
Dividends per unit ( Other than individuals)	Nil	0.1403	0.1403	Nil
Transfer to Reserves	-	-	-	0.15
NAV at the end of the period (Rs.)	10.0879	9.9941	10.0486	10.0903
Annualized return since inception of the period <sup>^^^</sup>	1.17	1.24	1.80	0.09*
Net Asset at the end of the period (Rs.Crs.)	3.19	4.03	7.55	18.98
Ratio of Recurring expenses to Net Assets (%)	1.10	1.09	1.19	1.59
CRISIL Composite Bond Index (Benchmark)	2.44	1.93	-	0.80*

(Date of allotment of unit :13th January 2004)

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

Particulars	Magnum NRI Investment Fund -			
	Flexi Asset Plan - Growth Plan			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	22.6249	12.1160	9.7308	10.0338
Net income per unit	3.83	3.08	1.12	(0.30)
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	–	0.62	0.2756	–
NAV at the end of the period (Rs.)	22.1575	22.6249	12.1160	9.7308
Annualized return since inception of the period	35.28	44.37	17.13	(0.02)*
Net Asset at the end of the period (Rs.Crs.)	4.81	5.59	3.92	6.68
Ratio of Recurring expenses to Net Assets (%)	2.00	1.65	1.30	1.64
BSE 100 Index (Benchmark)	25.80	31.09	–	1.00*

(Date of allotment of unit :13th January 2004)

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Particulars	Magnum NRI Investment Fund -			
	Flexi Asset Plan - Dividend Plan			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	22.6230	12.1201	9.7315	10.0338
Net income per unit	3.83	3.07	1.12	(0.03)
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	–	1.42	0.5996	–
NAV at the end of the period (Rs.)	22.1544	22.6230	12.1201	9.7315
Annualized return since inception of the period	35.27	44.37	17.17	(0.02)*
Net Asset at the end of the period (Rs.Crs.)	12.14	12.77	8.54	11.95
Ratio of Recurring expenses to Net Assets (%)	2.00	1.65	1.30	1.64
BSE 100 Index (Benchmark)	25.80	31.09	–	1.00*

(Date of allotment of unit :13th January 2004)

Particulars	Magnum NRI Investment Fund -			
	Short Term Plan - Growth Plan			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.6095	10.3055	10.0552	10.0231
Net income per unit	0.07	0.30	0.25	0.06
Dividends per unit prior to bifurcation	Nil	Nil	Nil	Nil
Dividends per unit (individuals)	Nil	Nil	Nil	Nil
Dividends per unit (Other than individuals)	Nil	Nil	Nil	Nil
Transfer to Reserves	–	–	0.0002	0.0054
NAV at the end of the period (Rs.)	10.6752	10.6095	10.3055	10.0552
Annualized return since inception of the period	2.51	2.45	2.51	0.05*
Net Asset at the end of the period (Rs. Cr)	0.10	0.13	0.31	0.82
Ratio of Recurring expenses to Net Assets (%)	1.35	1.03	0.95	0.96
CRISIL Liquid Fund Index (Benchmark)	4.75	4.46	–	1.00*

(Date of allotment of unit :13th January 2004)

Particulars	Magnum NRI Investment Fund -			
	Short Term Plan - Dividend Plan			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.3218	10.0260	10.0614	10.0231
Net income per unit	0.06	0.30	0.25	0.06
Dividends per unit prior to bifurcation	Nil	Nil	0.1000	Nil
Dividends per unit (individuals)	Nil	Nil	0.1500	Nil
Dividends per unit (Other than individuals)	Nil	Nil	0.1404	Nil
Transfer to Reserves	-	-	0.0004	0.005
NAV at the end of the period (Rs.)	10.3851	10.3218	10.0260	10.0614
Annualized return since inception of the period <sup>^^^</sup>	2.41	2.33	2.56	0.06*
Net Asset at the end of the period (Rs. Cr.)	0.22	0.30	0.57	0.96
Ratio of Recurring expenses to Net Assets (%)	1.35	1.03	0.95	0.96
CRISIL Liquid Fund Index (Benchmark)	4.75	4.46	-	1.00*

(Date of allotment of unit :13th January 2004)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

Particulars	MGILT - LT - PF (Regular) - Growth			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.4577	10.0719	10.2283	9.932
Net income per unit	0.02	0.39	-0.16	0.18
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	-	0.26	-	7.71
NAV at the end of the period (Rs.)	10.6407	10.4577	10.0719	10.2283
Annualized return since inception of the period (%)	2.28	1.84	0.54	0.02*
Net Asset at the end of the period (Rs.Crs.)	5.94	7.24	42.92	16.36
Ratio of Recurring expenses to Net Assets (%)	0.90	0.90	0.90	0.90
I-Sec LI-Bex (Benchmark)	2.04	2.15	-	9.93*

(Date of allotment of units : 1st December 2003)

Particulars	MGILT - LT - PF 1 Year - Growth			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.3715	10.0325	10.2197	9.9319
Net income per unit	0.01	0.34	-0.19	0.17
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	-	0.34	-	0.14
NAV at the end of the period (Rs.)	10.5289	10.3715	10.0325	10.2197
Annualized return since inception of the period (%)	1.89	1.48	0.24	0.02*
Net Asset at the end of the period (Rs.Crs.)	48.24	9.20	76.99	72.62
Ratio of Recurring expenses to Net Assets (%)	1.40	1.39	1.40	1.40
I-Sec LI-Bex (Benchmark)	2.04	2.15	-	9.93*

(Date of allotment of units : 1st December 2003)

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

Particulars	MGILT - LT - PF 2 Years - Growth			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.4154	10.0884	10.2886	9.9319
Net income per unit	0.01	0.33	-0.20	0.24
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	–	0.56	–	5.22
NAV at the end of the period (Rs.)	10.5686	10.4154	10.0884	10.2886
Annualized return since inception of the period (%)	2.02	1.66	0.66	0.02*
Net Asset at the end of the period (Rs.Crs.)	4.51	15.38	5.87	1.36
Ratio of Recurring expenses to Net Assets (%)	1.55	1.53	1.55	1.55
I-Sec LI-Bex (Benchmark)	2.04	2.15	–	9.93*

(Date of allotment of units : 1st December 2003)

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Particulars	MGILT - LT - PF 3 Years - Growth			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.3185	9.9445	10.2169	9.9318
Net income per unit	0.00	0.37	-0.27	0.17
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	–	2.83	–	1.74
NAV at the end of the period (Rs.)	10.4638	10.3185	9.9445	10.2169
Annualized return since inception of the period (%)	1.66	1.26	-0.42	0.02*
Net Asset at the end of the period (Rs.Crs.)	76.10	76.98	94.84	49.15
Ratio of Recurring expenses to Net Assets (%)	1.70	1.68	1.70	1.70
I-Sec LI-Bex (Benchmark)	2.04	2.15	–	9.93*

(Date of allotment of units : 1st December 2003)

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Particulars	Magnum Comma Fund			
	Dividend		Growth	
	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the period (Rs.) (24/8/2005)	14.15	10.07	14.15	10.07
Net income per unit	1.69	0.20	1.69	0.20
Dividends per unit	Nil	Nil	Nil	Nil
Transfer to Reserves	–	6.93	–	3.15
NAV at the end of the period (Rs.)	13.62	14.15	13.61	14.15
Annualized return since inception of the period	32.34	41.50	32.37	41.50
Net Asset at the end of the period (Rs.Crs.)	409.12	495.95	195.37	225.55
Ratio of Recurring expenses to Net Assets (%)	2.50	1.80	2.50	1.80
BSE 200 Index (Benchmark)	38.62	71.91	38.62	71.91

(Date of allotment of unit :8th August 2005)

Particulars	MICF – LFP (Growth)			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	12.0940	11.4603	10.9942	103249
Net income per unit	0.32	0.63	0.47	0.67
Dividends per unit**	Nil	Nil	Nil	Nil
Transfer to reserves	0.57	–	0.88	6.86
NAV at the end of the period (Rs.)	12.4198	12.0940	11.4603	10.9942
Annualized return since inception for the period (%)	6.14	3.68	5.56	6.44
Net Asset at the end of the period (Rs. crores)	241.71	29.90	5.20	91.44
Ratio of Recurring expenses to Net Assets (%)	0.50	0.57	0.77	0.71
CRISIL Liquid Fund Index (Benchmark)	5.43	3.06	–	–

(Date of allotment of units: 25th September 2002)

(# Returns from 12/08/2005 the date of conversion of MICF STP to MICF LFP

Particulars	MICF - LFP (Dividend)			
	1/4/06 to 31/8/06	2005-2006	2004-2005	2003-04
NAV at the beginning of the period (Rs.)	10.2201	10.1447	10.1608	10.1451
Net income per unit	0.25	0.56	0.41	0.48
Dividends per unit (prior to July 04)	Nil	Nil	0.09	0.72
Dividends per unit – Individuals	0.2171	0.4264	0.3788	–
Dividends per unit - Other than individuals	0.2020	0.3970	0.3602	–
Transfer to reserves	1.50	–	0.60	6.15
NAV at the end of the period (Rs.)	10.2305	10.2201	10.1447	10.1608
Annualized return since inception for the period (%) <sup>^^^</sup>	5.28	3.33	4.87	3.96*
Net Asset at the end of the period (Rs. crores)	94.86	66.23	3.11	75.75
Ratio of Recurring expenses to Net Assets (%)	0.50	0.57	0.77	0.71
CRISIL Liquid Fund Index (Benchmark)	5.43	3.06	–	4.11*

(Date of allotment of units: 23rd May2003)

Particulars	SBI Blue Chip Fund			
	Dividend		Growth	
	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the period (Rs.)	10.76	10.01	10.76	10.01
Net income per unit	0.13	0.11	0.13	0.11
Dividends per unit	Nil	Nil	–	–
Transfer to reserves	–	17.01	–	14.32
NAV at the end of the period (Rs.)	10.36	10.76	10.36	10.76
Annualized return since inception for the period (%)	3.60	7.60	3.60	7.60
Net Asset at the end of the period (Rs. crores)	1293.17	1,636.38	1242.97	1,377.29
Ratio of Recurring expenses to Net Assets (%)	2.50	1.71	2.50	1.71
BSE-100 (Benchmark)	17.65	17.06	17.65	17.06

(Date of allotment of units: 14th February 2006)

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

Particulars	Magnum Monthly Income Plan			
	Floater Monthly Dividend		Floater Growth	
	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the period (26th Dec.)	10.1075	10.0393	10.2754	10.0393
Net income per unit	0.23	0.21	0.24	0.21
Dividends per unit (Individuals)	0.12640	0.14500	Nil	Nil
Dividends per unit (Other than Individuals)	0.11800	0.13560	Nil	Nil
Transfer to reserves	–	0.25	–	0.49
NAV at the end of the period (Rs.)	10.2067	10.1075	10.4570	10.2754
Annualized return since inception for the period (%) <sup>^^^</sup>	5.73	2.53	6.13	2.75
Net Asset at the end of the period (Rs. crores)	12.55	14.77	34.22	30.05
Ratio of Recurring expenses to Net Assets (%)	1.65	1.65	1.65	1.65
CRISIL MIP-BLENDED INDEX	8.05	3.00	8.05	3.00

(Date of allotment of units: 21st December 2005)

(# Returns till 11/08/2005 the date of conversion of MICF STP to MICF LFP)

\* - indicates the returns for periods less than one year are in absolute terms only and not annualized.

\*\* Dividend per unit includes dividend prior to 23rd May 2003

Particulars	Magnum Monthly Income Plan			
	Quarterly Dividend		Floater Annual Dividend	
	1/4/06 to 31/8/06	2005-2006	1/4/06 to 31/8/06	2005-2006
NAV at the beginning of the period (26th Dec.)	10.0756	10.0393	10.2749	10.0393
Net income per unit	0.23	0.21	0.25	0.21
Dividends per unit (Individuals)	Nil	0.175	Nil	Nil
Dividends per unit (Other than Individuals)	Nil	0.1637	Nil	Nil
Transfer to reserves	–	0.16	–	0.09
NAV at the end of the period (Rs.)	10.2538	10.0756	10.4687	10.2749
Annualized return since inception for the period (%) <sup>^^^</sup>	5.81	2.51	8.05	3.00
Net Asset at the end of the period (Rs. crores)	7.58	9.44	5.54	5.23
Ratio of Recurring expenses to Net Assets (%)	1.65	1.65	1.65	1.65
CRISIL MIP-BLENDED INDEX	8.05	3.00	8.05	3.00

(Date of allotment of units: 21st December 2005)

Particulars	SDFS 13 - MONTHS 1 (Growth)
	19/6/06 TO 30/8/06
Nav at the beginning of the period (Rs.)	10.0164
Net income per unit	0.12
Dividends per unit (Individuals)	Nil
Dividends per unit (Other than Individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.1312
Absolute return since inception of the period	1.31
Net Asset at the end of the period Rs.Crs.	104.48
Ratio of Recurring expenses to Net Assets (%)	0.61
CRISIL Composite Bond Index (Benchmark) Returns	1.07

(Date of allotment of units: 29th June 2006)

First Nav was on 05th July 2006

Particulars	SDFS 13 - MONTHS 1 (Dividend)
	19/6/06 TO 30/8/06
Nav at the beginning of the period (Rs.)	10.0164
Net income per unit	0.12
Dividends per unit (Individuals)	Nil
Dividends per unit (Other than Individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.1312
Absolute return since inception of the period	1.31
Net Asset at the end of the period Rs.Crs.	8.28
Ratio of Recurring expenses to Net Assets (%)	0.61
CRISIL Composite Bond Index (Benchmark) Returns	1.07

(Date of allotment of units: 29th June 2006)

First Nav was on 05th July 2006

Particulars	SBI DEBT FUND SERIES - 90 DAYS 3 (Growth)
	24/08/06 TO 30/08/06
Nav at the beginning of the period (Rs.)	10.0035
Net income per unit	0.00
Dividends per unit prior to bifurcation	Nil
Dividends per unit ( individuals)	Nil
Dividends per unit ( Other than individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.0035
Absolute return since inception of the period	–
Net Asset at the end of the period Rs.Crs.	13.39
Ratio of Recurring expenses to Net Assets (%)	0.20
CRISIL Liquid Fund Index (Benchmark) Returns	–

(Date of allotment of units : 29 th Aug 2006)

\* FIRST NAV ON 30/08/06

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

<b>Particulars</b>	<b>SBI DEBT FUND SERIES - 90 DAYS 3 (Dividend)</b>
	<b>24/08/06 TO 30/08/06</b>
Nav at the beginning of the period (Rs.)	10.0035
Net income per unit	0.00
Dividends per unit prior to bifurcation	Nil
Dividends per unit ( individuals)	Nil
Dividends per unit ( Other than individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.0035
Absolute return since inception of the period	–
Net Asset at the end of the period Rs.Crs.	263.66
Ratio of Recurring expenses to Net Assets (%)	0.20
CRISIL Liquid Fund Index (Benchmark) Returns	–

(Date of allotment of units : 29 th Aug 2006)

\* FIRST NAV ON 30/08/06

<b>Particulars</b>	<b>SBI Debt Fund Series 60 Days - 2 (Growth Plan)</b>
	<b>07/08/06 to 30/08/2006</b>
Nav at the beginning of the period (Rs.)	10.0121
Net income per unit	0.04
Dividends per unit ( individuals)	Nil
Dividends per unit ( Other than individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.0377
Absolute return since inception of the period	0.37
Net Asset at the end of the period Rs.Crs.	10.39
Ratio of Recurring expenses to Net Assets (%)	0.18
CRISIL Liquid Fund Index (Benchmark) Returns	0.29

(Date of allotment of units : 10 th August 2006)

<b>Particulars</b>	<b>SBI Debt Fund Series 60 Days - 2 (Dividend Plan)</b>
	<b>07/08/06 to 30/08/2006</b>
Nav at the beginning of the period (Rs.)	10.0121
Net income per unit	0.04
Dividends per unit ( individuals)	Nil
Dividends per unit ( Other than individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.0377
Absolute return since inception of the period	0.37
Net Asset at the end of the period Rs.Crs.	54.28
Ratio of Recurring expenses to Net Assets (%)	0.18
CRISIL Liquid Fund Index (Benchmark) Returns	0.29

(Date of allotment of units : 10 th August 2006)

	<b>SBI DEBT FUND SERIES-15MONTHS -1 (Growth)</b>
<b>Particulars</b>	<b>24/07/06 TO 30/8/06</b>
Nav at the beginning of the period (Rs.)	10.0073
Net income per unit	0.06
Dividends per unit (Individuals)	Nil
Dividends per unit (Other than Individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.0660
Absolute return since inception of the period	0.66
Net Asset at the end of the period Rs.Crs.	97.13
Ratio of Recurring expenses to Net Assets (%)	0.35
CRISIL Composite Bond Index (Benchmark) Returns	0.66

*(Date of allotment of units: 28th July 2006)*

	<b>SBI DEBT FUND SERIES-15MONTHS -1 (Dividend)</b>
<b>Particulars</b>	<b>24/07/06 TO 30/8/06</b>
Nav at the beginning of the period (Rs.)	10.0073
Net income per unit	0.06
Dividends per unit (Individuals)	Nil
Dividends per unit (Other than Individuals)	Nil
Transfer to Reserves	–
NAV at the end of the period (Rs.)	10.0660
Absolute return since inception of the period	0.66
Net Asset at the end of the period Rs.Crs.	34.90
Ratio of Recurring expenses to Net Assets (%)	0.35
CRISIL Composite Bond Index (Benchmark) Returns	0.66

*(Date of allotment of units: 28th July 2006)*

	<b>SDFS 180 DAYS II (Dividend)</b>
<b>Particulars</b>	<b>14/08/06 to 30/08/06</b>
Nav at the beginning of the period (Rs.)	10.0113
Net income per unit	0.03
Dividends per unit	Nil
Transfer to reserves (Rs.Crs)	–
NAV at the end of the period (Rs.)	10.0250
Absolute return since inception of the period	0.25
Net Asset at the end of the period (Rs.Crs.)	148.98
Ratio of Recurring expenses to Net Assets (%)	0.21
CRISIL Liquid Fund Index (Benchmark) Returns	0.17

*(Date of first NAV in the option : 23rd Aug' 2006)*

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

<b>Particulars</b>	<b>SDFS 180 DAYS II (Growth)</b>
	<b>14/08/06 to 30/08/06</b>
Nav at the beginning of the period (Rs.)	10.0113
Net income per unit	0.03
Dividends per unit	Nil
Transfer to reserves (Rs.Crs)	–
NAV at the end of the period (Rs.)	10.0251
Absolute return since inception of the period	0.251
Net Asset at the end of the period (Rs.Crs.)	9.60
Ratio of Recurring expenses to Net Assets (%)	0.21
CRISIL Liquid Fund Index (Benchmark) Returns	0.17

*(Date of first NAV in the option : 23rd Aug' 2006)*

<b>Particulars</b>	<b>SBI DEBT FUND SERIES - 90 DAYS 2 (Growth)</b>
	<b>1/4/05 to 31/08/06</b>
Nav at the beginning of the period (Rs.)	10.0151
Net income per unit	–
Dividends per unit	Nil
Transfer To Reserves	–
NAV at the end of the period (Rs.)	10.0946
Absolute return since inception of the period	0.95
Net Asset at the end of the period Rs.Crs.	39.52
Ratio of Recurring expenses to Net Assets (%)	0.20
CRISIL Liquid Fund Index (Benchmark) Returns	0.73

*(Date of first NAV in the option : 19th Jul' 2006)*

<b>Particulars</b>	<b>SBI DEBT FUND SERIES - 90 DAYS 2 (Dividend)</b>
	<b>1/4/05 to 31/08/06</b>
Nav at the beginning of the period (Rs.)	10.0151
Net income per unit	-
Dividends per unit	Nil
Transfer To Reserves	–
NAV at the end of the period (Rs.)	10.0949
Absolute return since inception of the period	0.95
Net Asset at the end of the period Rs.Crs.	121.62
Ratio of Recurring expenses to Net Assets (%)	0.20
CRISIL Liquid Fund Index (Benchmark) Returns	0.73

*(Date of first NAV in the option : 19th Jul' 2006)*

Particulars	SDFS-180 Days 1 (Growth)
	27/06/06 to 30/08/06
Nav at the beginning of the period (Rs.)	10.0000
Net income per unit	0.12
Dividends per unit	Nil
Transfer to reserves	–
NAV at the end of the period (Rs.)	10.1250
Absolute return since inception of the period	1.25
Net Asset at the end of the period Rs.Crs.	28.44
Ratio of Recurring expenses to Net Assets (%)	0.20
CRISIL Liquid Fund Index (Benchmark) Returns	0.97

(Date of allotment of units - 29th June 2006)

Particulars	SDFS-180 Days 1 (Dividend)
	27/06/06 to 30/08/06
Nav at the beginning of the period (Rs.)	10.0000
Net income per unit	0.12
Dividends per unit - Individuals & HUF	Nil
Dividends per unit - Other than Individuals & HUF	Nil
Transfer to reserves	
NAV at the end of the period (Rs.)	10.1243
Absolute return since inception of the period	1.24
Net Asset at the end of the period Rs.Crs.	75.93
Ratio of Recurring expenses to Net Assets (%)	0.20
CRISIL Liquid Fund Index (Benchmark) Returns	0.97

(Date of allotment of units - 29th June 2006)

Note:

- 1) The NAV and the Net Assets for 2006-2007 is dated as on 31st August, 2006 (for open-ended schemes) and as on 30th August, 2006 (for closed-ended schemes) and for the other years dated 31st March of the respective years. The compounded annualized returns have been calculated since inception of the schemes, taking adjusted NAV, i.e., after adjusting for dividends paid out on initial NAV of Rs. 10/- per Magnum. Net Income per unit is accretion in NAV during the period, excluding unrealized appreciation. However, Compounded Annualized Returns and returns against the benchmark are as of 30th August, 2006.
- 2) “Ratio of recurring expenses to Net Assets (%)” : The maximum permissible limit has been provided under ratio of recurring expenses to net assets. However the same has been reduced as per SEBI (Mutual Funds) Regulations, 1996 slabs if assets were above specified limits.
- 3) ^^^ Annualized / Absolute returns since inception for the year 2005 – 2006 and 01.04.2006 – 31.08.2006 indicates the returns for individual unit / magnum holders.

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

**2. Disclosure under Regulation 25(11)**

As on August 31, 2006, SBI Mutual Fund has made the following investments in companies which hold units in excess of 5% of the Net Assets Value of any scheme of SBI Mutual Fund

Company Name	Scheme invested in by the Company	Investments Made by Schemes of SBI Mutual Fund in Company/Subsidiary		
		Name of Scheme	Aggregate for the Period Under Regulation 25(11) At Cost (Rs. In Crores)	Outstanding As At 31 Aug. 2006 At Market/ Fair Value (Rs In Crores)
Bajaj Auto Finance Ltd.	MSFU-IT	MDFS-180-3	5.82	-
		MICF	5.01	-
		MICF-LFP	14.85	5.96
		MIF-FRS	2.98	-
		MIIF-SAV	110.68	75
		MMIP	4.85	-
		SDFS-90-2	2.95	-
Deepak Fertilisers And Petrochemicals Corpn Ltd.	MIFFRST	MCOMMA	20.83	13.48
FDC Limited	FMCG	MSFU-PHA	-	1.06
Grasim Industries Ltd.	MDFS-13MON	MCBP	0.04	-
		MCOMMA	5.57	24.72
		MEF	1.82	-
		MINDEX	0.94	0.06
		MIP-INV	0.10	0.49
		MMIP	0.64	3.94
		MTGS-93	16.04	19.06
		NRI-FAP	0.71	-
		SBCF	43.07	17.79
		SBIRIOS	5.38	4.51
HCL Technologies Ltd.	MDFS-13MON	MINDEX	1.27	0.07
		MMPS	18.45	16.77
		MSFU-IT	2.96	2.73
Hindalco Industries Limited	MIFFRST	MCBP	0.02	0.3
	MDFS-13MON	MCOMMA	0.78	17.33
		MEF	5.00	4.73
		MINDEX	1.24	0.06
		MIP-INV	0.06	0.14
		MMIP	0.25	6.75
		MMIPFL	1.31	0.69
		MMPS	15.86	13.3
		MMULTI	42.99	36.53
		MSFU-CON	1.61	1.73
		MSFU-EBF	6.93	6.9
		MTGS-93	8.70	6.9
		NRI-FAP	0.03	0.87
		SBCF	91.56	90.49
SBIRIOS	2.03	1.73		
Hindustan Zinc Limited	MDFS-13MON	MCOMMA	14.92	27.77
		MEF	1.05	1.76
		MSFU-CON	-	55.6
		SBCF	15.60	15.38
ICICI Bank Ltd.	MIIFSAV	MCOMMA	59.81	-
		MDFS-13M-2	4.60	-
		MDFS-180-3	29.97	-

Company Name	Scheme invested in by the Company	Investments Made by Schemes of SBI Mutual Fund in Company/Subsidiary		
		Name of Scheme	Aggregate for the Period Under Regulation 25(11) At Cost (Rs. In Crores)	Outstanding As At 31 Aug. 2006 At Market/ Fair Value (Rs In Crores)
		MGLF-94	14.99	-
		MICF	14.98	-
		MICF-LFP	7.71	7.71
		MIF-FRS	11.98	-
		MIIF-SAV	287.87	35.57
		MMIP	14.98	4.5
		MMULTI	114.50	-
		SDFS-180-1	14.18	-
		SDFS-60D-1	19.67	-
Infrastructure Leasing & Financial Services Ltd	INDEX	MBALF	4.99	-
		MDFS-15M-1	0.00	-
		MICF	18.76	-
		MICF-LFP	20.89	-
		MIF-FRS	11.99	-
		MIIF-SAV	78.62	15.1
		MMIPFL	4.99	-
Infosys Technologies Limited	MIIFSAV	MBALF	7.73	10.31
		MCBP	0.30	0.11
		MEF	-	16.12
		MINDEX	5.96	0.38
		MIP-INV	0.21	0.04
		MMIP	1.74	0.72
		MMIPFL	2.17	-
		MMPS	2.58	-
		MMULTI	122.17	61.32
		MSFU-CON	36.92	30.96
		MSFU-EBF	1.66	1.81
		MSFU-IT	1.65	12.43
		MTGS-93	21.58	40.19
		NRI-FAP	0.15	0.79
		SBCF	105.49	110.37
		SBIRIOS	5.08	5.43
ITC Ltd.	MIIFSAV MICSTP MICF	MBALF	5.70	5.16
		MEF	7.31	11.48
		MELS-96	0.00	-
		MINDEX	3.91	0.23
		MMIP	1.06	1.2
		MMIPFL	1.49	0.71
		MMPS	14.33	13.39
		MMULTI	1.13	-
		MSFU-FMC	27.84	2.43
		MTPL	0.00	-
		SBCF	70.44	70.02
		SBIRIOS	4.95	4.78
Larsen & Toubro Ltd.	MBAL	MEF	4.25	4.25
		MINDEX	1.78	0.1
		MSFU-EBF	10.59	-
		MTGS-93	0.00	-
		SBIRIOS	5.14	3.84

**SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT**

Company Name	Scheme invested in by the Company	Investments Made by Schemes of SBI Mutual Fund in Company/Subsidiary		
		Name of Scheme	Aggregate for the Period Under Regulation 25(11) At Cost (Rs. In Crores)	Outstanding As At 31 Aug. 2006 At Market/ Fair Value (Rs In Crores)
Mahindra & Mahindra Ltd	MDFS-13MON	MEF	-	11.36
		MICF	12.74	-
		MICF-LFP	6.80	-
		MIIF-SAV	15.52	-
		MINDEX	0.87	0.05
		MMIP	2.46	0.32
		MMIPFL	4.84	-
		MMPS	0.00	33.93
		MMULTI	55.05	47.72
		MSFU-CON	22.40	41.48
		SBCF	58.40	59.35
Maruti Udyog Limited	MDFS-13MON	MCBP	0.09	0.09
		MEF	0.71	-
		MINDEX	1.35	0.08
		MMIP	0.55	1.29
		MMULTI	57.02	38.07
		MSFU-CON	19.21	15.6
		SBCF	80.83	57.46
NABARD	MIIFSAV	MBALF	4.99	-
		MICF	13.96	-
		MICF-LFP	11.96	-
		MIF-FRL	8.00	-
		MIIF-SAV	37.66	-
		MMIPFL	4.99	-
		SDFS-13M-1	10.00	-
Premier Instruments And Controls Ltd	MICSTP MDFS-13MON	MIIF-SAV	19.94	-
State Bank Of India	MIFFRST MIDCAP MIIFSAV MGL EBF	MBALF	6.46	9.53
		MDFS-15M-1	5.05	-
		MICF-LFP	5.06	-
		MIIF-SAV	-	-
		MINDEX	3.49	0.2
		MMIP	1.61	3.69
		MMULTI	1.30	-
		MSFU-CON	63.57	53.82
		MTGS-93	11.36	6.98
		NRI-FAP	0.19	0.19
		NRI-LTP	-	0.53
		SBCF	79.61	68.59
		Sintex Industries Ltd	MIFFRLT MIIFSAV	MGLF-94
MSFU-CON	8.43			23.91
MSFU-EBF	0.00			16.73
MTGS-93	1.49			13.73
Tata Steel Limited	MIIFSAV	MBALF	1.05	-
		MCBP	0.05	-
		MCOMMA	31.89	4.96
		MINDEX	1.55	0.07
		MLIF-98	5.49	-
		MMIP	1.06	-

Company Name	Scheme invested in by the Company	Investments Made by Schemes of SBI Mutual Fund in Company/Subsidiary		
		Name of Scheme	Aggregate for the Period Under Regulation 25(11) At Cost (Rs. In Crores)	Outstanding As At 31 Aug. 2006 At Market/Fair Value (Rs In Crores)
		MSFU-CON	18.75	20.18
		SBCF	30.58	29.03
UCO Bank	MICF	MBALF	7.41	7.41
		MICF	23.57	-
		MICF-LFP	39.02	8.43
		MIF-FRL	13.35	1.89
		MIF-FRS	24.95	2.84
		MIIF-SAV	253.10	80.9
		NRI-FAP	1.85	1.85
		SBCF	19.89	-
		SDFS-13M-1	15.80	-
		SDFS-180-2	21.88	-
		SDFS-60D-1	19.79	-
WIPRO Limited	MIIFSAV	MINDEX	4.86	0.27
		MSFU-IT	1.66	1.71
		MTGS-93	6.62	6.6
		SBCF	54.86	31.74

The above investments have been made by the schemes of the Fund in companies, which have invested more than 5% of NAV of the schemes. These investments have been made considering stocks to be fundamentally sound and having potential for good returns to the schemes.

These investments comprise debt, equity and money market instruments. SBI Mutual Fund is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies. The investments made by some schemes of SBIMF in bonds issued by associate companies including State Bank of India and its subsidiaries are in compliance with the investment restrictions contained in clause 9 of the Seventh Schedule to the SEBI (MF) Regulations, 1996.

## XVII. ASSOCIATE TRANSACTIONS

**1. Who is an associate?**

For the purpose of this section, an associate or group company shall include State Bank of India (SBI), its subsidiaries (including the AMC), joint ventures and the associate banks of SBI and SGAM.

**2. Investments in Associate or Group Companies of the Sponsor**

As per SEBI Regulation, the scheme will not invest more than 25% of net assets of the scheme in the securities of the State Bank Group companies. Further, the aggregate investment made by all the SBI Mutual Fund schemes in the securities of State Bank 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 Sponsor, any security issued by way of private placement by an associate or group company of the Sponsor.

As on August 31, 2006 all the schemes of the Mutual Fund have invested Rs. 140.85 crores in the various equity and debt instruments of State Bank Group Companies of which Rs. 135.19 crores are invested in equity instruments and Rs. 5.68 crores are invested in Debt Instruments. The scheme shall not invest in privately placed or unlisted securities of associates / group companies.

**3. Underwriting Obligations of SBI Mutual Fund**

As on date, SBIMF has no underwriting obligations.

**4. Subscription in Issues Lead Managed by Associates of Sponsor**

In the last three fiscal years, different schemes of the Fund have subscribed to some of the issues lead managed by SBI Capital Markets Ltd. The details of these are as follows:

Name of the Company	Type	Quantity Applied	Quantity Allotted	Amount (Rs. lakhs)
Corporation Bank	Equity (pp)	2000000	93100	74.48
ICICI Banking Corporation	Equity	4150000	386100	135.14
Gujarat Gas Company Ltd.	Debentures	20	20	200.00
Krishna Baghya Jala Nigam Ltd.	Debentures	500	500	500.00
National Aluminium Co. Ltd.	Debentures	500000	450000	4500.00
Deepak Fertilizers	Debentures	500	500	500.00
State Bank of Bikaner & Jaipur	Equity	30000	30000	162.00
Bharat Petroleum Corporation Ltd.	Debentures	15	15	1500
EXIM Bank	Debentures	2,000	2,000	2000
Bharat Heavy Electricals	Debentures	35	35	3500
HPCL	Debentures	50	50	500
Neyveli Lignite Corporation Ltd.	Debentures	200	200	2000
NALCO	Debentures	500	500	500
Hindustan Aeronautics Ltd.	Debentures	1	1	500
L & T PTC	Debentures	2864	2864	2864
IFFCO PTC	Debentures	2810	2810	2811
NHYD PTC	Debentures	5425	5425	5425
JNPT	Debentures	545	545	545
ITI Limited	Debentures	6	6	300
Bharti Shipyard Ltd	Equity	2250000	129900	86
Indian Petrochemicals Ltd.	Equity	4312245	532400	905
Power Trading Corporation	Equity	15000000	725000	116
Petronet LNG	Equity	8215600	4500000	675
Provogue (India) Limited	Equity	1600000	55000	83
SAL Steel Ltd.	Equity	4000000	-	-
Everest Kanto Ltd.	Equity	1762480	192600	308
AIA Engineering	Equity	1777620	55595	175.12

Name of the Company	Type	Quantity Applied	Quantity Allotted	Amount (Rs. lakhs)
Educomp Solutions Limited	Equity	1595900	150000	188
Royal Orchid Hotels Ltd.	Equity	2723000	72582	119.8
Bank of Baroda	Equity	3982710	196038	456
Andhra Bank	Equity	8506500	483662	435
Everst Kanto Cylinder Ltd.	Equity	1762480	192600	308
AIA Engineering Ltd.	Equity	1777620	55595	148
Reliance Petroleum Ltd.	Equity	162319500	3958182	2774.90

However, these investments may or may not stand in the books of concerned schemes at present.

#### 5. Associate Broker

At present, SBI Mutual Fund has empanelled SBI Capital Markets Limited and SG Asia Securities (India) Pvt. Ltd. as Associate Broker.

#### 6. Collecting Banker(s) and Distributors

SBIMF will utilize the services of HDFC Bank Limited, Kotak Mahindra Bank Ltd. and ICICI Bank Ltd. as the collecting bankers for the scheme.

#### 7. Collecting Branches

The AMC may utilize the services of some branches of the SBI Group as authorized collecting branches for the scheme. The list of collecting branches will be printed in the application form. They will be paid handling charges at such a rate as may be prevalent in the market at the time of the issue and/or as negotiated with the concerned banks.

#### 8. Agent Commission

For applications directly solicited and collected by the branches of SBI 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.

#### 9. Other Associate Transactions

Individual schemes of SBI Mutual Fund lend in the Call Money Market from time to time in order to continuously earn returns on their short term surplus cash. This is in accordance with the applicable Regulations. SBI, SBI Commercial & International Bank, any of SBI's associate banks or SBI Gilts Ltd. may be some of the players who may borrow from SBI Mutual Fund at market rates. SBI Capital Markets Ltd. was appointed as the Principal Marketing Advisors for Magnum Gilt Fund.

At present, the Fund does not have any other transaction with the Sponsor or its associates apart from those disclosed above. In future, however, SBI or any associates of SBI (including but not limited to SBI Capital Markets and/or SBI Securities Ltd.) may be entrusted the work of marketing, book-building, distribution or any other activity connected with the scheme or any other schemes of SBI Mutual Fund, as may be allowed by SEBI or any other competent authority, and within the relevant provisions of Regulations prevailing from time to time.

## XVIII. INTER-SCHEME TRANSFERS

#### Policy on Inter-scheme Transfers

The scheme, or any other scheme of the Mutual Fund, may make investments or effect a sale of some of its investments by means of transfers from one scheme to another in the same mutual fund. Such transfers will be done in accordance with clause 3 of seventh schedule to SEBI Regulations and subject to the following conditions:

i) Such transfers are done at the prevailing market price for

quoted instruments on spot basis. (Where such a spot price is not available or if the market is closed, the inter-scheme transfer may be done at the latest closing price available).

- ii) The securities so transferred would be in accordance with the investment objective of the transferee scheme.
- iii) The registration and accounting of the transaction is effected on a spot basis so that the NAV of the scheme is impacted.

## XIX. BORROWING BY THE MUTUAL FUND

### 1. Borrowing by the scheme

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 Magnums/Units or payment of interest or dividend to the Magnum / Unit Holders. Further, as per the Regulation, the Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months.

The scheme wise details of borrowings by the Mutual Fund as on 31st August 2006 is detailed below:

Scheme name	Borrowing (Rs. in lakhs)	AUM (Rs. in Crore)	Amount as % to NAV	Purpose of Borrowing	Time(days)
Magnum Index Fund	200,000.00	5.67	0.35%	Redemption/ Repurchases	3

If the scheme decides to borrow, it may borrow either from SBI Group banks 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 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 of the scheme.

### 2. Potential risk of loss to the AMC / Magnum / Unit holders

The borrowing by the scheme will not involve any potential loss to the AMC or to the Magnum / Unit holder. However, it will involve a certain cost on account of interest paid on borrowing at market rates as may be negotiated with the concerned lender. In any case, the scheme may resort to borrowings only if the possible benefit from borrowings exceeds the cost of immediate liquidation of its assets for meeting repurchase needs / dividend payments / interest payments.

## XX. TAX TREATMENT OF INVESTMENTS IN MUTUAL FUNDS

### Tax Treatment For Investors (Unit Holders) and the Mutual Fund

As per the taxation laws in force as at the date of the Document, and as per the provisions contained in the Finance Act, 2006 there are certain tax benefits that are available to the investors and the mutual fund. The same are stated hereinunder:-

It may however be noted that the tax benefits described in this document are as available under the present taxation laws and are available subject to fulfillment of stipulated conditions. The information given is included only for general purpose, regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change. In view of the individual nature of tax implication, each investor is advised to consult his/her own professional tax

advisor to understand the tax implications in respect of his investment decision.

### For Unit Holders:

#### 1. Tax on income in respect of units

As per the provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act is exempt from income tax in the hands of the recipient unit holders.

#### 2. Capital Gains & TDS

As per section 2(42A) of the Act, units of the scheme held as a capital asset, for a period of more than 12 months immediately preceding the date of transfer, will be treated as long-term capital assets for the computation of capital gains; in all other cases, they would be treated as short-term capital assets.

### Tax & TDS Rates under the Act for Capital Gains

	Tax Rates* under the Act			TDS Rate*@ under the Act		
		NRI/PIOs Residents	FII's	Residents	NRI/PIOs/ other Non FII non-residents	FII's
<b>Short Term Capital Gain</b>	Units of a non equity oriented fund	Taxable at normal rates of tax applicable to the assessee	30% (u/s 115AD)	Nil	30% for non resident non corporates, 40% for non resident corporates (u/s 195)	Nil
	Units of an equity oriented fund	10% on redemption of units where STT is payable on redemption (u/s 111A)		Nil	10% for all non residents (u/s 195)	Nil
<b>Long Term Capital Gain</b>	Units of a non equity oriented fund	10% without indexation, or 20% with indexation, whichever is lower (u/s 112)	10% with no indexation benefit (u/s 115AD)	Nil	20% for non residents (u/s 195)	Nil
	Units of an equity oriented fund	Exemption in case of redemption of units where STT is payable on redemption [u/s 10(38)]		Nil	Nil	Nil

\* Plus surcharge and education cess as per the Income Tax Act.

In the case of non-resident investors, the above rates would be subject to applicable treaty relief. As per circular no. 728 dated October 1995 by CBDT, in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in DTAA whichever is more beneficial to the assessee.

### **Securities Transaction Tax (STT)**

From **01.06.2006**, the seller of equity oriented mutual fund units has to pay a STT of 0.25% of the redemption value of the investment. However no deduction would be allowed to any unit holder for STT paid while computing Capital Gains.

Note: 'Equity oriented fund' is defined as -

- a mutual fund where the assets are invested in the equity shares of domestic companies to the extent of more than **sixty five** per cent of the total proceeds of such fund; and
- which has been set up under a scheme of a Mutual Fund specified in section 10(23D) of the Act.

The percentage of equity holding of such fund would be calculated as the annual average of the monthly averages of the opening and closing figures.

### **3. Capital Losses**

The short term capital losses resulting from the sale of units would be available for setting off against short term capital gains which would reduce the tax liability of the unit holder to that extent.

Further unabsorbed short term capital losses shall be carried forward and set off against the income under the head 'Capital Gain' in any of the subsequent eight assessment years.

### **4. Dividend Stripping**

#### **All Unit Holders:**

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

### **5. Bonus Stripping**

#### **All Unit Holders:**

As per Section 94 (8) of the Act, wherein in case of Units purchase within a period of 3 months prior to the record date for entitlement of bonus and sold within 9 months after the record date, the loss arising on transfer of original Units shall be ignored for the purpose of computing the income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of acquisition / purchase of such bonus Units as are held by it /him on the date of such sale/transfer.

### **6. Rebate under section 88E of the Income tax Act, 1961**

Rebate under section 88E can be claimed by unitholder for STT paid from the tax payable by him when:

- a. Units are held as stock in trade.
- b. Profits arising from sale of such units are offered for tax under the head 'Profits and Gains of Business or Profession'

### **7. Investments by charitable and religious trusts**

Units of a Mutual fund Scheme referred to in clause 23D of section 10 of the Income Tax Act, 1961, constitute an eligible avenue for investment by charitable or religious trusts per rule

17C of the Income Tax Rules, 1962, read with clause (xii) of sub-section (5) of section 11 of the Income Tax Act, 1961.

### **8. Wealth Tax**

Units held under the Mutual Fund Scheme 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.

### **9. Gift Tax :**

The Gift Tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of Units purchased under plan, would therefore, be exempt from gift tax. Where however the gifts, exceeding Rs.25,000/- made on after 01.09.04, the same is to be included as income in the hands of donee under new sub clause (xiii) inserted in Section 2(24) read with new Section 56(2)(v) by the Finance (No. 2) Act 2004.

### **10. Deduction u/s 80C in respect of amount invested - Unitholders**

Section 80C as introduced by the Finance Act, 2005, provides that from the total income of an individual and HUF, deduction for an amount paid or deposited in certain eligible schemes or investments would be available, subject to maximum amount of Rs. 100,000.

According to clause (xiii) and clause (xx) to sub-section 2, any subscription to any units of Mutual Fund notified under Section 10(23D) would qualify for deduction under the aforesaid section provided:

- the plan formulated in accordance with a scheme notified by the Central Government; or
- approved by CBDT on an application made by the Mutual Fund and the amount of subscription to such units is subscribed only in eligible issue of capital of any company.

Note: The benefit of deduction under section 80C can be availed by the unitholders investing during the year in Magnum Tax Gain Scheme.

#### **For the Fund:**

##### **1. Registered with SEBI**

SBI Mutual Fund is registered with SEBI and is as such eligible for benefits under section 10(23D) of the Act. Accordingly its entire income is exempt from tax.

##### **2. Dividend Distribution Tax**

No dividend distribution tax is required to be paid on distribution of dividend on equity oriented funds.

##### **3. No TDS on receipt of income:**

The Fund will receive all its income without deduction of tax as per provisions of section 196 (iv) of the Income tax Act, 1961.

##### **4. Service tax**

AMC/Mutual Funds are covered under the category of "Business Auxilliary Services" and are liable for paying service tax as service recipients on services provided by distributors of mutual fund /agents. The rate of service tax is 12.24% (inclusive of education cess of 2%)

## XXI. INVESTORS' RIGHTS AND SERVICES

### 1. Rights of Beneficiaries

- a) After closing of the annual accounts, SBI Mutual Fund shall provide for depreciation on investments and also make a provision for bad and doubtful debts to the satisfaction of its auditors and shall disclose the method of depreciation in the notes to the accounts. After making such provisions the profits of the scheme together with the capital appreciation, if any, may be distributed to the investors either as a dividend payout or plough back to the scheme as may be decided by the Trustees.
- b) SBI Mutual Fund would publish-
  - (i) The Schemes' audited annual accounts or an abridged summary of the same within six months from the date of closure of the relevant financial year.
  - (ii) Before the expiry of one month from the close of each half year i.e. on 31st March and on 30th Sept., the fund shall publish its unaudited financial results in one national English daily newspaper and in a Marathi newspaper. These shall also be displayed on the website of the mutual fund and that of AMFI.
  - (iii) The scheme portfolio in the prescribed format before the expiry of one month from the close of each half year i.e. on 31st March and on 30th Sept. or send a copy to all unit holders. This will also be displayed on the website of SBI Mutual Fund.

The investors have a right to call for the above information, including the full annual report, at the SBI Mutual Fund's office or its Investors Service Centres/Investors Service Desks and if so desire, they can receive a copy of the above information on payment of a nominal fee.

The Fund will also issue for publication the NAV and the Sale and the Repurchase prices of this scheme on a daily basis in at least two newspapers in accordance with SEBI Regulations.

- c) An abridged scheme wise annual report will be mailed to all the Magnum / Unit holders not later than six months from the date of closure of the relevant accounting year and the full annual report shall be available for inspection at the head office of the Mutual Fund and a copy shall be made available to the unit holders on the payment of nominal fees, if any.
- d) The investors have the right to ask the Trustees about any information which may have an adverse bearing on their investments and the trustees shall be bound to make disclosures about such information to the investors.

The investors are also advised to see the relevant provisions of the Indian Trust Act, 1882, in this regard.

### 2. Other Significant Rights of the Magnum / Unit holders

- (a) The fundamental attributes as defined above or fees and expenses payable or any other change which would modify the scheme and affects the interest of Magnum / Unit holders, shall not be carried out unless, a written communication about the proposed change is sent to each

Magnum / 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 the Magnum / Unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.

- (b) The Appointment of the AMC for the scheme can be terminated by a majority of the Trustees or by not less than 75% of the Magnum / Unit holders of the scheme.
- (c) The despatch of dividend warrants shall be made within 30 days of the declaration of the dividend and despatch of redemption/repurchase proceeds will be made within 10 working days from the date of redemption/repurchase. In the event of failure to despatch the redemption or repurchase proceeds within 10 working days, the asset management company is liable to pay interest to the Magnum / Unit holders at the rate of 15% p.a. Such interest would be borne by the Asset Management Company (AMC).

Please note that the date of redemption / repurchase for redemption proceeds shall be the settlement date of the current month or subsequent month as the case may be depending upon the receipt of redemption application on / before or after the cut-off date. Please refer para 1 under chapter XII for details.

- d) 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.
- e) No change in the controlling interest of the asset management company shall be made unless, -
  - i. prior approval of the trustees and the SEBI is obtained;
  - ii. a written communication about the proposed change is sent to each Magnum / Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation and in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
  - iii. The Magnum / Unit holders are given an option to exit on the prevailing Net Asset Value without any exit load.
- f) The following would be the procedure for seeking approval of the Magnum / Unit holders in specified circumstances
  - i. The Mutual Fund shall first determine a cut off date for ascertaining the names of the Unit Holders whose consent is to be sought. This may necessitate the closing of books and register of Magnum / Unit Holders, if any, and suspension of approval of the sale and purchase of Magnums/Units for a short period prior to the cut off date.
  - ii. The Trustees of the Mutual Fund shall pass a resolution for convening a meeting of the general body of the Magnum / Unit Holders and give a notice atleast 21

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days before the meeting to all Magnum / Unit holders specifying the date, time, venue and purpose of holding the meeting and publish the public notice in at least two leading newspapers circulated in Mumbai including one English and one Marathi newspaper.

- iii. At the meeting so convened, 5 Magnum / Unit Holders personally present shall constitute the quorum for the meeting and the Magnum / Unit Holders personally present at the meeting shall elect one of themselves to be the Chairman thereof by a show of hands. The Chairman of the meeting shall have the power to regulate the procedure at the meetings.
- iv. At the meeting, the amendment proposed shall be put to vote and shall be decided in the first instance by a show of hands, unless a poll is demanded. A poll demanded shall be taken at such time not being later than 48 hours from the time when the demand was made, as the Chairman may direct. The result of the poll would determine whether the amendment proposed will be passed or not.
- v. Before or on the declaration of the result of voting on a proposed amendment by a show of hands, a poll may be ordered to be taken by the Chairman, of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Magnum / Unit Holder or Magnum / Unit Holders, holding units having an issue price of not less than Rs. 50,000/-.
- g) No amendments to the Trust Deed will be carried out without the prior approval of SEBI and the Magnum / Unit holders' approval would be obtained where it affects the interests of the Magnum / Unit holder.

### 3. Documents Available for Inspection

Following documents are available for inspection by investors at their office of the SBI Funds Management Pvt. Ltd., 191, Maker Tower E, Cuffe Parade, Mumbai - 400 005:

- i) Trust deed
- ii) Memorandum and Articles of Association of SBI Funds Management Pvt. Ltd. and the State Bank of India Act & Regulations.
- iii) Copy of Annual Reports including Auditors Report of SBI
- iv) Scheme Rules and Regulations

- v) Auditors Reports, Audited Annual Accounts & Offer Documents of all the existing schemes of the SBIMF.
- vi) Agreements with Custodians, Registrars & Transfer Agents, Bankers, if any.
- vii) Investment Management Agreement with the Trustees.
- viii) Securities & Exchange Board (Mutual Fund) Regulations 199
- ix) Indian Trust Act, 1882.
- x) Consent letters of Auditors and Legal Advisors

### 4. For Your Convenience and Help

SBI Mutual Fund has opened 26 Investor Service Centres (ISCs), 21 Investor Service Desks all over the country and two official Points of Acceptance (Overseas). The contact numbers of these centres are given below:

#### SBIMF INVESTOR SERVICE CENTRES (ISCs)

Refer page no. 79.

#### SBIMF INVESTOR SERVICE DESKS (ISDs)

Refer page no. 79.

#### OFFICIAL POINTS OF ACCEPTANCE (OVERSEAS)

Refer page no. 79.

### 5. Investor Relations Officer

The AMC has appointed an Investor Relations Officer to look into investor grievances regarding deficiencies, if any, in the services provided by the Registrars or the Investor Service Centres.

Name of the Investor : Shri G. Kandasubramanian

Relations Officer : Asst. Vice President,  
Customer Service

Address : SBI Funds Management Pvt. Ltd.  
191, Maker Tower "E", 19th floor,  
Cuffe Parade, Mumbai - 400 005.  
Telephone Number: 2218 0244 /  
2218 0221

The AMC will have the discretion to change the Investor Relations' Officer depending on operational necessities and in the overall interest of the fund.

## XXII. INVESTOR GRIEVANCES REDRESSAL MECHANISM

The Customer Service Department at SBI Mutual Fund functions under the supervision of Asst. Vice President. The investor grievances are redressed by the AMC directly and also by our 26 Investor Service Centres (ISC) and 21 Investor Service Desks all over the country. All grievances are redressed within the time stipulated by SEBI. Our ISCs/ISDs are equipped with upgraded technological facilities to respond to the investor queries.

The statistical data for investor complaints received is as follows:

#### Number of complaints received during the period April 2003 - August 2006

	Apr. 1, 03 - Mar. 31, 04	Apr. 1, 04 - Mar. 31, 05	Apr. 1, 05 - Mar. 31, 06	Apr. 1, 06 - Aug. 31, 2006
Complaints Received	67986	40912	50779	21935
Complaints Redressed	66572	40513	50433	21828
Pending	1414	399	346	107

## XXIII. PENDING LEGAL PROCEEDINGS AND OTHER INFORMATION

### 1. Pending Legal Proceedings

Apart from the ordinary routine litigation incidental to the business of the Fund, there is no petition / summary suit against the Fund pending in the Court:

Our Sponsor, the State Bank of India is India's largest bank with branches in India and offices in countries worldwide. In addition to this, SBI also has 7 associates and 1 banking subsidiary in addition to other non-banking subsidiaries in India. To the best of our knowledge there are no criminal cases against the Sponsor, its Directors or Key Personnel, which will have any impact on the operations of SBI Mutual Fund.

### 2. Penalties Awarded by SEBI or any other Regulatory Body

The details of, All cases of penalties awarded by SEBI under the SEBI Act or any of its regulations against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company/ Board of Trustees, or any of the directors or key personnel (specifically the fund managers) of the Asset Management Company and Trustee Company and the penalties awarded by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debenture holders and depositors and penalties awarded for any economic offence and violation of any securities laws, are as under:

#### A. The details of sponsors and associates are given below:

##### State Bank of Indore

Reserve Bank of India has imposed a penalty of Rs. 5.00 lacs for non adherence of certain KYC norms relating to maintenance of account opening forms and monitoring operations in one of the Deposits Accounts, opened on 27/3/2000.

##### SBI Capital Markets Ltd.

- i. National Stock Exchange has levied a penalty of Rs. 5000/- in respect of WDM segment and Rs. 40,500/- in respect of capital market segment.
- ii. SEBI has issued show cause notice on 13/04/2006 in the matter of Public Issue of Syndicate Bank. The matter is pending.
- iii. SEBI has issued order on 12/01/20056 for investigation and examination of systematic fault in the matter of Public Issue of IDFC. The matter is pending.

##### CSDL / NMSDL

SEBI has issued interim order No. UTIM/A/60/ISD/04106 on 27/04/2006 in the matter of investigation into Initial Public Offerings. The said order is stayed by Securities Appellate - Tribunal on appeal.

##### UTI Asset Management Co. Pvt. Ltd.

- a. A special leave petition filed by Income Tax Department before Hon'ble Supreme Court against the judgments and orders of Hon'ble High Court of Bombay in the matter of applicability of Interest Tax is pending.
- b. There are 23 criminal cases pending against the UTI MF

or Key personnel relating to normal operations of UTI MF such as non transfer of units, non receipt of Unit certificates, non receipt of redemption proceeds etc. In most of the cases stay has been obtained from the High Courts.

- c. There are 36 cases pending in different courts related to suits/petitions filed by (i) contract workman (ii) Employees Association / Ex-employees etc. These cases are pending at different levels for adjudication.
- d. There are 736 CDRF cases pending in respect of the schemes of UTI Mutual Fund filed by various customers with Consumer Disputes Redressal Forum.
- e. There are two writ petitions pending before the Hon'ble Bombay High Court against the SEBI, UTI MF, UTI Trustee Company Pvt. Ltd. and UTI Asset Management Co. Pvt. Ltd. arising out of the winding up of UTI Growth & Value Fund - Bonus Plan with effect from 01/02/2005 in pursuance to circular dated 12/12/2003 of SEBI seeking payers inter alia, to declare the circular 12/12/2003 illegal, unenforceable in law, to issue directions to set aside the decisions to wind up the UTI Growth & Value Fund - Bonus Plan. The matters are pending for arguments and final hearing before the Hon'ble Court.

#### B. The details of SBIFMPL are given below:

There are some ordinary routine litigations incidental to the business of the Fund amounting to Rs.23.93 lakh, and the following petition / summary suit against the Fund is pending in the court. Summary suit no: 3799 of 1996, filed by M/s Morarka Finance Limited is pending in the High Court of Jurisdiction at Bombay. The Plaintiff has filed the suit for recovery of Rs. 8.44 lacs together with interest being excess price paid by them in the equity buyback transaction relating to the shares of M/s Pumpasar Distilleries Limited.

Apart from this, following are the details of Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority Against the AMC - SBI Funds Management private limited (SBIFMPL) in a capacity of Investment Manager to the SBI Mutual Funds:

- a) The case was filed at the High Court of Judicature at Bombay by M/s Morarka Finance Limited for recovery of Rs 8.44 lakhs together with interest being the excess price paid by them in equity buyback transaction relating to the shares of M/s Pampasar Distilleries Limited. M/s A.R. Bhole and Company. Advocates are defending the case on our behalf. The filling of our written statement was delayed. The last hearing in the matter took place on 28th March 2003 and we are allowed to file our written statement. **The next hearing in the matter is awaited.**
- b) The Income tax authorities have raised demands against the Company -SBIFMPL amounting to Rs 30,65,44,130 as on 31st March 2006. SBI Funds Management Private Limited have preferred appeal against these demands which are pending before the Appellate authorities.
- c) SEBI have initiated an enquiry into the transactions in the

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shares of M/S Padmini Technologies Limited, during the period 2000-2001, which also covers an inquiry for the transaction made by SBI Mutual Fund in the shares of the Company.

### 3. Omnibus Clause

Subject to SEBI Regulation permitting :

Besides the AMC, the Trustee / Sponsor may also absorb expenditure in addition to the limits laid down under Regulation 52 of SEBI Regulations.

Further, any amendment / clarification and guidelines in the form of notes or circulars issued from time to time by SEBI for the operation and management of mutual fund shall be applicable.

### 4. Enquiry or Adjudication

As on date, there are no enquires/adjudication proceedings under the SEBI Act and the Regulations made there under that are in progress against the Sponsor or any company in any capacity associated with the Sponsor including the AMC, the Board of Trustees or any of the directors or key personnel of the AMC, Board of Trustees/Trustee Company or any of the Directors or key personnel of the AMC.

### 5. Deficiency in Systems or Operations

There is no deficiency in the systems or operations of the Sponsor or any company associated with the Sponsor (including the AMC), which SEBI or any other regulatory agency has specifically advised to be disclosed in the offer document.

Date of Approval of the scheme by SBI Mutual Fund Trustee Company Private Limited on August 24, 2005.

For and on behalf of the Board of Directors,  
SBI Funds Management Private Limited  
(the Asset Management Company  
for SBI Mutual Fund)

sd/-

Place : Mumbai

Name : **Deepak Chawla**

Date : September 13, 2006

Designation : Managing Director

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

(Drafted as per SEBI's Standard Observations dated December 26, 2003 as amended till date)

## LIST OF COLLECTION CENTRES

APPLICATIONS TOGETHER WITH DEMAND DRAFTS/CHEQUES MAY BE SUBMITTED  
 AT ANY OF THE FOLLOWING CENTRES/BANKS:

### SBIMF INVESTORS SERVICE CENTRES

**AHMEDABAD:** Tel - 25507442, 25506393, **BANGALORE:** Tel - 22272284, 22122507, 22123784(D), **BHILAI:** Tel- 5010955, 2273261, 98261-63425, 98266-33577, 98930-22822, **BHOPAL:** Tel - 2557341, 5273983, 5288277, **BHUBANESHWAR:** Tel - 2402401, **CHANDIGARH:** Tel - 2709728, 2711869, 9814008415 **CHENNAI:** Tel - 28293384, 28293385 **COIMBATORE:** Tel - 2303863, 9842229110, **COCHIN:** Tel - 2318886, 2320107 **GOA:** Tel - 5642475, **GUWAHATI:** Tel - 2521993 **HYDERABAD:** Tel - 24756241, 24756066 **INDORE:** Tel - 2541141, 5045944 **JAIPUR:** Tel - 2567354, 2574134, **KANPUR,** **KOLKATA:** Tel - 22882339/2341/2342, **LUCKNOW:** Tel.: 2283884, 2215668, **LUDHIANA:** Tel: 2449849, **MUMBAI:** Tel - 22658302, 22658303 **NEW DELHI :** Tel - 23315058, 23317262, **PATNA:** Tel - 2220232, 2220235 **PUNE:** Tel - 5670961, 5671524 **RANCHI:** Tel- 2315212, 2310413; **SILIGURI :** Tel - 2537065, 2534206, **VADODARA:** Tel - 2225628, 2225629, **VIJAYAWADA:** Tel - 2574113, 2578215.

### SBIMF INVESTOR SERVICE DESKS

**AGRA :** Tel.: 3124365, 9319124365; **AMRISTAR :** Mobile:- 09855008415; **AJMER :** Tel - 9829067357, **DEHRADUN:** Mobile: 9412992892, **GURGAON :** Tel: 5083769, 9810064560 **HUBLI :** Tel : 2368477, **JAMMU :** Tel.: 09419190803; **JAMSHEDPUR:** Tel - 09835367720 **KANPUR:** Tel- 2331631, **KOTA :** Tel. 09829067358, **KOZHIKODE:** Tel :9249504951, **MADURAI :** Tel - 09843266670, **MANGALORE :** Tel - 445892, **MORADABAD:** Tel- 2411411, **MYSORE:** Tel -4242919, 9900150919, **NAGPUR:** Tel -2543123, **NASIK:** Tel: 98233 10253; **RAIPUR:** Tel : 5040657, 9826633577, **RAJKOT :** Tel.: 09825504876 **SHIMLA :** Tel. 9817016146 ; **SURAT:** Tel.: 09879114453 **THIRUVANANTHAPURAM:** Tel. : 2724790 / 9388839225, **VISAKHAPATNAM:** Ph-0891-3093018

### OFFICIAL POINTS OF ACCEPTANCE (OVERSEAS)

**DUBAI :** Tel 2277481, 00971504678138 ; **DOHA :** Tel. (00974) 4325060 / 4365060

### CAMS INVESTOR SERVICE CENTRES / TRANSACTION POINTS

#### CAMS INVESTOR SERVICE CENTRES

**AHMEDABAD :** CAMS Investor Service Center, 402-406, 4th Floor - Devpath Building, Off C G Road, Behind Lal Bungalow Ellis Bridge, Ahmedabad - 380006, Tel: 079 – 3008 2468, 3008 2469, 3008 2470 Fax: 2642 4950; **BANGALORE :** CAMS Investor Service Center, Trade Centre, 1st Floor, 45, Dikensen Road ( Next to Manipal Centre ), Bangalore – 560 042, Tel : 080 – 3094 1357 / 3094 2468; **BHUBANESHWAR :** CAMS Investor Service Center, 101/ 7, Janpath, Unit – III, Bhubaneswar : 751 001 Tel : 0674 – 395 3307, 395 3308 Fax : 253 4777; **COIMBATORE :** CAMS Investor Service Center, 66, Lokamanya Street (West), Ground Floor, R.S.Puram, Coimbatore - 641 002, Tel.: 0422 – 5369 575, 5369 576; **COCHIN :** CAMS Investor Service Center, 40 / 9633 D, Veekshanam Road, Near International hotel, Cochin – 682 035 Tel: 0484 – 302 4651, 302 4658, 302 4662; **CHANDIGARH :** CAMS Investor Service Center, SCO 154-155, 1st Floor, Sector 17-C, Chandigarh-160017. Tel: 0172 – 3048720, 3048721, 3048722, 3048723 Fax : 2705 217; **CHENNAI :** CAMS Investor Service Center, Ground Floor, A & B, Lakshmi Bhawan, 609, Anna Salai, Chennai 600 006, Tel: 044 – 3918 2468, 3918 2469 Fax: 2829 5403; **GOA :** CAMS Investor Service Center, No.108, 1st Floor, Gurudutta Bldg, Above Weekender, M G Road, Panaji Goa-403 001, Tel: 0832 – 395 1755, 395 1640, Fax: 242 4529; **INDORE :** CAMS Investor Service Center, Dalal Chambers, 101, Sagarmatha Apartments, 1st Floor, 18 / 7 MG Road, Indore - 452 003, Tel.: 0731 – 395 3692, 395 3646; **JAIPUR:** CAMS Investor Service Center, G-III, Park Saroj, Behind Ashok Nagar Police Station, R-7, Yudhisthir Marg ,C-Scheme, Jaipur - 302 001, Tel.: 0141 – 396 9126 / 396 9128; **KANPUR :** CAMS Investor Service Center, G – 27,28 – Ground Floor, City Centre, 63/ 2, The Mall, Kanpur – 208 001, Tel: (0512) 230 6668, 230 6685; **KOLKATA:** CAMS Investor Service Center, “LORDS Building” 7/1, Lord Sinha Road, Ground Floor, Kolkata – 700 071, Tel: 033 – 3058 2297/3058 2285/3058 2303 Fax : 033 - 3058 2288; **LUCKNOW :** CAMS Investor Service Center, No.3, First Floor, Saran Chambers 1, 5, Park Road, Lucknow – 226 001 Tel.: 0522 – 391 8000, 391 8002, 391 8003 Fax : 2237310; **LUDHIANA :** CAMS Investor Service Center, Shop no. 20-21 (Ground Floor), Prince Market, near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, P.O: Model Town, Ludhiana - 141 002 Tel : (0161) 501 7502, 241 0279 Fax : 245 8840; **MANGALORE :** CAMS Investor Service Center, No. G4 & G5, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore – 575 003, Tel.: 0824 – 395 1357, 395 2468 Fax : 5252525; **MUMBAI :** CAMS Investor Service Center, Rajabhadur Compound, Ground Floor, Opp Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai – 400 023, Tel: 22702414, 22702415, 22702416, 22622903, 22622904, Fax: 22622561; **NAGPUR :** CAMS Investor Service Center, 145 Lendra Park, Behind Shabari, New Ramdaspath, Nagpur – 440 010., Tel: 0712 – 395 8275, 309 8206 Fax: 254 1449; **NEW DELHI :** CAMS Investor Service Center, 304-305 III Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi - 110 001. Tel: 011 – 3048 1203, 3048 1205, 3048 1202 Fax: 2335 3834; **PATNA :** CAMS Investor Service Center, Kamalaya Shobha Plaza (1st Floor), Behind RBI Near Ashiana Tower, Exhibition Road Patna – 800 001, Tel : 0612 – 395 5284, 395 5285; **PUNE :** CAMS Investor Service Center, Nirmiti Eminence, Off No. 6, I Floor, Opp Abhishek Hotel Mehandale Garage Road, Erandawane, Pune – 411 004 Tel : 020 – 3028 3005, 3028 3003, 3028 3000, Fax: 020 – 2541 2294; **SECUNDERABAD :** CAMS Investor Service Center, 102, First Floor, Jade Arcade, Paradise Circle, Secunderabad - 500 003, Tel: 040 – 3918 2468, 3918 2469 Fax : 5532 1531; **SURAT :** CAMS Investor Service Center, Niva Apartments, Above Sagrampura-Rudarpura Co-op Bank, Bhatia Street, Nanpura, Surat – 395001, Tel : 0261 – 396 0349/ 396 0341/ 396 0352;

## SBI ARBITRAGE OPPORTUNITIES FUND – OFFER DOCUMENT

**VADODARA** : CAMS Investor Service Center, 109 - Silver Line, Besides World Trade Centre, Sayajigunj, Vadodara – 390 005., Tel.: (0265) – 222 5146, 236 2412; **VISAKHAPATNAM** : CAMS Investor Service Center, 47/ 9 / 17, 1st Floor, 3rd Lane , Dwaraka Nagar, Visakhapatnam - 530 016. Tel.: 0891 – 309 8397, 309 8374

### CAMS TRANSACTION POINTS (ONLY FOR RECEIPT OF APPLICATIONS FOR REISSUE, REPURCHASE AND GENERAL TRANSACTIONS)

#### CAMS TRANSACTION POINT

**AGRA** : CAMS Transaction Point, F-39/203, Sky Tower, Sanjay Place, Agra - 282002; **ALLAHABAD** : CAMS Transaction Point, 1st Floor, Chandra Shekhar Azad Complex, (Near Indira Bhawan), 5, S.P. Marg, Civil Lines, Allahabad – 211001; **AMARAVATI** : CAMS Transaction Point, 81, Gulsham Tower, Near Panchsheel, Amaravati - 444 601; **AMRITSAR** : CAMS Transaction Point, 378-Majithia Complex, 1st Floor, M. M. Malviya Road, Amritsar – 143001; **ASANSOL** : CAMS Transaction Point, G.T Road, Beside George Telegraph Office, Asansol – 713301; **AURANGABAD** : CAMS Transaction Point, Office No. 1, 1st Floor, Amodi Complex, Juna Bazar, Aurangabad - 431 001; **BELGAUM** : CAMS Transaction Point, No. 21, Ground Floor, Arvind Complex, 1552, Maruti Galli, Belgaum-590 002; **BHILAI** : CAMS Transaction Point, 209 , Khichariya Complex, Opp IDBI Bank, Nehru Nagar Square, Bhilai - 490 020; **BHOPAL** : CAMS Transaction Point, C-12, 1st Floor, Above Life Line Hospital, Zone-I, M.P. Nagar, Bhopal – 462011 (M.P.); **CALICUT** : CAMS Transaction Point, 17/28, H 1st Floor, Manama Towers, Marvoor Road, Calicut – 673 001; **CUTTACK** : CAMS Transaction Point, Cantonment Road, Cuttack 753 001; **DEHRADUN** : CAMS Transaction Point, 81, Chakrata Road, Dehradun - 248 001; **DHANBAD** : CAMS Transaction Point, Urmila Towers, Room No: 111(1st Floor), Bank More, Dhanbad - 826 001; **DURGAPUR** : CAMS Transaction Point, SN- 10, Ambedkar Sarani, City Centre, Durgapur – 713 216; **GORAKHPUR** : CAMS Transaction Point, Shop No. 3, 2nd Floor, Cross Road, The Mall, AD Chowk, Bank Road, Gorakhpur - 273 001; **GUNTUR** : CAMS Transaction Point, Shyamsunder Golden Towers, Ground Floor, 3rd Lane, Brodipet, Adjacent to Over-bridge, Guntur - 522 002; **GURGAON** : CAMS Transaction Point, 2319 Block 3, 1st Floor, Opp. Air Force School Sec 14, Delhi Road, Gurgaon - 122 001; **GUWAHATI** : CAMS Transaction Point, A.K. Azad Road, Rehabari, Guwahati –781 008; **HUBLI** : CAMS Transaction Point, No.208, ‘ A ‘ Block, 1st Floor, Kundagol Complex, Opp. Court, Club Road, Hubli - 580 029; **JABALPUR** : CAMS Transaction Point, 975, Chouksey Chambers, Near Gitanjali School, 4th Bridge, Napier Town, Jabalpur (M.P.) - 482 001; **JALANDHAR** : CAMS Transaction Point, 367/8, Central Town, Opp. Gurudwara Diwan Asthan, Jalandhar - 144 001; **JAMNAGAR** : CAMS Transaction Point, 207/209, K.P. Shah House I, K.V. Road, Jamnagar - 361 001; **JAMSHEDPUR** : CAMS Transaction Point, Millennium Tower, S-4 Ground Floor, R- Road, Bistupur, Jamshedpur-831 001; **JODHPUR** : CAMS Transaction Point, 1/5, Nirmal Tower, Ist Chopasani Road, Jodhpur – 342 003; **KOTA** : CAMS Transaction Point, B-33 ‘Kalyan Bhawan’, Triangle Part, Vallabh Nagar, Kota – 324 007; **MADURAI** : CAMS Transaction Point, 86/71A, Tamilsangam Road, Madurai - 625 001; **MANIPAL** : CAMS Transaction Point, Academy Annex, First Floor, Opposite Corporation Bank, Upendra Nagar, Manipal – 576 104; **MERRUT** : CAMS Transaction Point, 108, Ist Floor Shivam Plaza, Opposite Eves Cinema, Hapur Road, Merrut – 250 002; **MORADABAD** : CAMS Transaction Point, B-612 ‘Sudhakar’, Lajpat Nagar, Moradabad – 244 001; **MYSORE** : CAMS Transaction Point, No.3, 1st Floor, CH.26 7th Main, 5th Cross, (Above Trishakthi Medicals), Saraswati Puram, Mysore – 570 009; **NASIK** : CAMS Transaction Point, “Varsha Bungalow”, 1st Floor, Near Rungtha High School, 493, Ashok Stambh, Nasik - 422 001; **NELLORE** : CAMS Transaction Point, Shop No.13, First Floor, KAC Plaza, R R Street, Nellore – 524 001; **PANIPAT** : CAMS Transaction Point, 13, First Floor, Gaushala Mandi Market, G T Road, Panipat – 132 103; **PATIALA** : CAMS Transaction Point, 35, New Lal Bagh Colony, Patiala – 147 001; **PONDICHERY** : CAMS Transaction Point, S-8, 100, Jawaharlal Nehru Street, (New Complex, Opp. Indian Coffee House) Pondicherry - 605 001; **RAIPUR** : CAMS Transaction Point, C-23, Sector 1, Devendra Nagar, Raipur – 492 004; **RAJAHMUNDRY** : CAMS Transaction Point, D.No 7-27-4, Krishna Complex, Baruvuri Street, T Nagar, Rajahmundry – 533 101; **RAJKOT** : CAMS Transaction Point, 111, Pooja Complex, Harihar Chowk, Near GPO, Rajkot - 360 001; **RANCHI** : CAMS Transaction Point, 223, Tirath Mansion (Near Over Bridge), Ist Floor, Main Road, Ranchi – 834 001; **ROURKELA** : CAMS Transaction Point, 1st Floor, Mangal Bhawan, Phase II, Power House Road, Rourkela – 769 001; **SALEM** : CAMS Transaction Point, 28, I Floor, Advytha Ashram Road, Salem - 636 004; **SILIGURI** : CAMS Transaction Point, No 8, Swamiji Sarani, Ground Floor, Hakimpara, Siliguri – 734 401; **TRICHUR** : CAMS Transaction Point, VIII/350/15, O K John Memorial Building, Ekkanda Warriar Road, Trichur – 686 001; **TRICHY** : CAMS Transaction Point, No. 8, I Floor, 8th Cross West Extn., Thillainagar, Trichy - 620 018; **TRIVANDRUM** : CAMS Transaction Point, TC 15 / 2012, Sheelatha Building, Womens’ College Lane, Vazuthacaud, Trivandrum – 695 014; **UDAIPUR** : CAMS Transaction Point, 32, Ahinsapuri, Fatehpura Circle, Udaipur – 313 004; **VARANASI** : CAMS Transaction Point, C 27/249 - 22A, Vivekanand Nagar Colony, Maldhaiya, Varanasi – 221 002 ; **VIJAYAWADA** : CAMS Transaction Point, 40-1-48/2, Bandar Road, Adj. To HDFC Bank, Vijayawada – 520 010; **VALSAD** : CAMS Transaction Point, C/o. CAD HOUSE, Siddhivinayak Complex, F-1, First Floor, Avenue Building, Near R.J.J. School, Tithal Road, Valsad – 396 001.





**SBI Funds Management Private Limited**

(A joint venture between SBI and Société Générale Asset Management)  
**Registered Office:** 191 E Maker Towers, Cuffe Parade, Mumbai 400 005

**Tel.:** 022-22180221-24 • **Fax:** 022-22189663

**E-mail:** partnerforlife@sbimf.com • **Website:** www.sbimf.com