

Abridged Offer Document and Application Form

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Pioneer ITI Index Fund

An open end index scheme

## Pioneer ITI Mutual Fund Branches

<p><b>Chennai</b> Century Centre, 75 TTK Road, Chennai 600 018 Tel : 4679200 Fax : (044) 4987790 Email : services@pioneeriti.com</p>	<p><b>Dehradun</b> Shop no. 44, Meedo Arcade 28 Rajpur Road, Dehradun 248001 Tel : 0135-743268/748306 Tel : 0135-748306 Email : dehradun@pioneeriti.com gurvinder@pioneeriti.com</p>	<p><b>Madurai</b> 24 A Pechiamman Padithurai Road Madurai 625001 Tel : (0452) 743008, 750144 Email : madurai@pioneeriti.com</p>	<p>1306, 'Kamalja', Shivajinagar Rokdoba Mandir Path, Near MISEB office Off Jangli Maharaj Road, Pune 411005 Ph. 5533140/5533141(Telefax)</p>
<p><b>Ahmedabad</b> 1001 Abhijit-II, Mithakhali Six Roads Navrangpura Ahmedabad 380009 Tel: (079) 6470056, 6470057 Email : ahmedabad@pioneeriti.com</p>	<p><b>Gurgaon</b> #509, 5th Floor, DLF Galleria, DLF City, Phase-IV, Gurgaon-122002 Tel : 6392349, Mobile : 98103 01766 Email : gurgaon@pioneeriti.com</p>	<p><b>Mangalore</b> IV Floor, Sanu Palace, Kodialbail Mangalore 575 003 Tel : (0824) 492796 Email : mangalore@pioneeriti.com</p>	<p><b>Rajkot</b> 5th Floor, Star Plaza, Phulchhab Chowk Rajkot - 360 001 Phone: (0281)294204 Contact person: Pravin Sumesara</p>
<p><b>Bangalore</b> Niton Compound 11, Palace Road Bangalore 560052 Tel : 2385612/14 Fax : (080) 2385884 Email : bangalore@pioneeriti.com</p>	<p><b>Hyderabad</b> 501 Regency House, Somajiguda, Hyderabad 500 082 Tel : 6665915 / 6665916 Email : hyderabad@pioneeriti.com</p>	<p><b>Mumbai</b> Nariman Point, 97 Jolly Maker Chambers - II IX Floor, Nariman Point, Mumbai - 400 021 Tel : 2306543, 2853586, 1-600-115763 Fax : (022) 2851232 Email : mumbai@pioneeriti.com</p>	<p><b>Raipur</b> C/o Arun Agarwal Behind Indian Coffee House Banstal, Raipur 492 001 Tel : 539979, 539876 Email : raipur@pioneeriti.com</p>
<p><b>Baroda</b> 103, 1st floor, Paradise Complex Sayajigunj, Vadodara 390005 Phone : 0265-364426 Fax : 0265-364427</p>	<p><b>Indore</b> 303, Silver Sanchores Castle 7, RNT Marg, Indore 452 001 Tel : 527610 / 527611 Email : indore@pioneeriti.com</p>	<p><b>Andheri</b> B1/206, 1st Floor, Laram Centre Bld No.2, 24, SV Road Andheri (W), Mumbai 400 058 Tel : 620 3897</p>	<p><b>Salem</b> 1/31-A Anna Salai, I Floor Swarnapuri, Salem 636004 Tel : 446854, 430506 Fax : (0427) 446854 Email : salem@pioneeriti.com</p>
<p><b>Bhubaneswar</b> 77, Kharavel Nagar, Unit III Janpath, Bhubaneswar 751001 Tel : 535141, 531745 Fax : (0674) 531026 Email : bhubaneswar@pioneeriti.com</p>	<p><b>Jaipur</b> 250 Ganpati Plaza, M I Road, Jaipur 302 001 Tel : (0141) 377904, 377905 Fax : (0141) 388737 Email : jaipur@pioneeriti.com</p>	<p><b>Nagpur</b> Kothari Pioneer Mutual Fund 126, FarmLand, Ramdas Peth Opp SBI Bank, Nagpur 440 010 Ph : 555074, Telefax : 553794 Email : nagpur@pioneeriti.com</p>	<p><b>Surat</b> 404-405, Lalhai Contractor Complex Opp. Library, Nanpura, Surat - 395 001 Mobile: 98250 16136</p>
<p><b>Calcutta</b> 2D &amp; 2E Landmark Building, 228-A A.J.C. Bose Road, Calcutta 700020 Tel : 2826517, 2825555 Fax : (033) 2826459 Email : calcutta@pioneeriti.com</p>	<p><b>Jalandhar</b> Rachnaa Chambers, Next to Bank of Madura BMC Chowk, G.T. Road, Jalandhar-144001 Tel : (0181) 880783, 880784</p>	<p><b>Nasik</b> S-4, Suyojit Trade Centre Opp Rajiv Gandhi Bhavan Sharanpur Road, Nasik 422 002 Tel: (0253) 574327/574329 Email: nasik@pioneeriti.com</p>	<p><b>Trichy</b> Jenne Plaza Ground Floor 5/C, 28 Bharathiar Salai Cantonment Trichy 620001 Tel : 464022 Fax : (0431) 414691 Email : trichy@pioneeriti.com</p>
<p><b>Chandigarh</b> S.C.O. 371-372, I Floor Sector 35 - B (above HDFC Bank) Chandigarh 160 022 Tel : 662136, 622341, 613371 Fax : (0172) 613371 Email : chandigarh@pioneeriti.com</p>	<p><b>Kanpur</b> I Floor, Khemka house,16/80 (Above Corporation Bank) Civil lines Kanpur 208001 Tel : 0512 - 303131, Mobile : 98390 33705 Email : kanpur@pioneeriti.com</p>	<p><b>New Delhi</b> 93-D Himalaya House, IX Floor 23 Kasturba Gandhi Marg, New Delhi 110001 Tel : 3722786, 3752017, 3328232 Telefax : (011) 3730627 Email: delhi@pioneeriti.com</p>	<p><b>Varanasi</b> IV Floor, Kuber Complex Rathiyatra crossing Varanasi 221010 Tel : 98380 39933 Tel : 403255 Email : varanasi@pioneeriti.com</p>
<p><b>Cochin</b> 36/1696-A, II Floor, N.H.Road Kaloor, Ernakulam, Cochin 682017 Tel : 334824, 335096 Fax : (0484) 334865 Email : cochin@pioneeriti.com</p>	<p><b>Lucknow</b> 2 Uttam Palace, I Floor, 3 Sapru Marg Lucknow 226 001 Tel : 211070, 211341 Extn:23/24 Fax : (0522) 211082 Email : lucknow@pioneeriti.com</p>	<p><b>Patna</b> 505 Ashiana Hariniwas Apartments Dak Bungalow Road, Patna 800 001 Tel : 212277, 98350 36877 Email : patna@pioneeriti.com</p>	<p><b>Vijayawada</b> White House I Floor, Room # 2 M.G.Road, Vijayawada 520010 Tel : 472594, 661301 Fax : (0866) 472594 Email : vijayawada@pioneeriti.com</p>
<p><b>Coimbatore</b> 424-C Red Rose Towers, II floor D. B. Road, R.S.Puram, Coimbatore 641002 Tel : 474616 Telefax : (0422) 470277 Email : coimbatore@pioneeriti.com</p>	<p><b>Ludhiana</b> SCO-37, II Floor, Feroze Gandhi Market Ludhiana 141 001 Tel : 406191, 406198 Fax : (0161) 406191 Email : ludhiana@pioneeriti.com</p>	<p><b>Pune</b> 412 Sterling Centre, IV Floor Opp.Hotel Aurora Towers, M.G.Road, Pune 411001 Tel : 6137049, 6132085 Fax : (020) 6137087 Email : pune@pioneeriti.com</p>	<p><b>Visakhapatnam</b> C-9 Pavan Palace, Dwaraka Nagar Visakhapatnam 530016 Tel : 665351, 704705 Fax : (0891) 666806 Email : visakhapatnam@pioneeriti.com</p>

## District Representatives & Collection Centres (Where applications with local cheques & DDs will be accepted)

**Amravati** Mahesh Gattani, U-49, First Floor, Satidham Market, Jawahar Road Amravati 444601 Ph: 676669, 572060 ■ **Anantapur** Vaddi Umamaheshwar Door no-3, 217 3rd Road 7th Cross Men Town Anantapur (AP) 515004 ■ **Aurangabad** Ajay B Deshmukh, Maher, 10 Sanmitra Colony, Near Daily Marathwada, Aurangabad 431001 Ph: 352397 ■ **Berhampur** Ranajit Mazumdar, 116/2, B B Sen Road, P O Khagra, P S Berhampur, Berhampur 742103, (Murshidabad) Ph: 54570 ■ **Bhilai** Dinesh V Metkar, Qr.No.15/A, Street No.14, Sector-1, Bhilai 490001 Ph: 356908 ■ **Bhopal** Sanjay Chhabra 26, Shabri Complex, Near Sbi Zone-2, M P Nagar, Bhopal 462011 Ph : (0755) 762837 ■ **Bilaspur** Pawan Kumar Agrawal, 1st floor, Mohara Building, Juni Line, Sadar Bazar, Bilaspur 495001 Ph: 21647 ■ **Calicut** Ajay A G 10, Y M C A Shopping Complex, Calicut 673001 Ph : 0495-767311 ■ **Chandigarh** S S Chhilana, S C O 111-113, Basement Cabin 4, Sector 17-B, Chandigarh 60017. 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Ph: 221405 ■ **Hooghly** Sasanka Sekhar Nundy, Ruplal Nundy Road, Chandannagar 712136, (W B), Ph: 6835210 ■ **Hubli** Onkari S R, Onkari & Associates, S-43, Eureka Centre, Koppikar Road, Hubli 580020, Ph:0836-265535/267622 Fax:0836-265535, Mbl: 9844051035 ■ **Indore** Suresh Kani, 48, R N T Marg, Usha Ganj, Chhawani, Indore 452001 Ph: 467515/463168 ■ **Jabalpur** Surendra Sudhakar Naik, 19, "Renuka Niwas" State Bank Colony, Gorakhpur, Jabalpur 482001 Ph: 0761-410503/318224 ■ **Jammu** Kanta Sharma, Samridhi Niwas, Opp. Green Belt Park, 14-B/C, Gandhi Nagar, Jammu 180004. 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At Koushallya, PO Khargpur, Midnapore(W.B)721301 ■ **Muzaffarpur** Deepak Kiran, Prof.Nagendra Prasad Building, Rajendrapuri, Kalmabagh Road, Muzaffarpur - 842001 ■ **Mysore** Prasad D N 2848 1st Main Halladakeri, Mysore 570001 Ph: 98440-18440/563453 ■ **Nagercoil** K G Mahadev, 24 West Car Street, Nagercoil 629001 Ph: 30881/30885 ■ **Nagpur** Dilip Pancholi, 201 Neelkamal Complex, Mahajan Market Sitabuli, Nagpur 440012 Ph: 0712 - 527910, Fax: 531420 ■ **Nashik** Mukesh Mujibhai Chothani, 2, First floor, Amrut Chambers, Near Malegaon Stand, Panchwati, Nashik 422003, Ph: 511136 ■ **Navsari** Devang Desai, G-8/9, Rockies Apartments, Near Janata Apartment, Station Road, Navsari 396445 Ph: (0261) 7420722 and 7422862, (02637) 57018 ■ **Neyveli** Palanisamy V S 149-E College Road, Vriddhachalam 606001 (South Arcot Dt) ■ **Pondicherry** Subhash Lal 31, Lally Tollendal Street, Pondicherry 605001 Ph:0413-225564/222914 ■ **Pollachi** Venkataraman G B 121-A, Theppakulam Street, Pollachi 642001 Ph:04259-226895 ■ **Raipur** Arun Agrawal, Behind Indian Coffee House, Banstal, Raipur 492001 Ph: 539876/539979 ■ **Rajkot** I B Gandhi, 422 Star Chambers, Harihar Chowk, Dr Rajendra Prasad Road, Rajkot 360001 Ph: 235950 ■ **Ranchi** Sijan Kumar Qr. No. K-155 Shyamali Colony P.O.Doranda, Ranchi 834 002 Ph: 501772 ■ **Rourkela** Sanjay Agarwal 22-25, Pani Market Complex Uditnagar Rourkela 769 012 Ph: 508999 ■ **Saharanpur** Chakresh Kumar Jain, 7/732, Bartala Yadgar, Saharanpur 247001, Ph: 0132-651521 ■ **Sambalpur** Suresh Kumar Agarwal- Quality Mansion Nayapara 2nd floor Sambalpur - 768001. Ph:0663-401952 ■ **Satara** Kaushik Mahindra Halai, Room No.2, 1st Floor, Ranade Chamber, 8 Gururwar Peth, Satara 415002 Ph: 32131, 34142 ■ **Shillong** Purabi Paul, Dunoon Compound, ZigZag Road, Riblong, Shillong (Meghalaya)-793004 ■ **Surat** Devang Desai, 332/348, Belgium Towers, (Opp. Linear Bus stand) Ring Road, Surat 395003 Ph: 420722 ■ **Thanjavur** Aarvee Finance Pvt Ltd Punniamoorthy Pillai Deptl Stores 1476 South Ranipet Thanjavur 613001 Ph : 04362-38014 ■ **Tirunelveli** P Venkatraman, New No.9/2, Sripuram, Tirunelveli 627001 Ph: 338314 ■ **Tirupati** P Bhagalakshmi, 13-1-30, P.K.Street, Tirupati 517501, Ph: 25176 ■ **Talcher** Susama Manjari Sahoo, C/o Mr A K Sahoo Qr. No.B-241, FCI Talcher Township,Vikrampur 759106 (Orissa) Ph: 61988/89 ■ **Trichur** Soman TV 29/149, Swami Vivekananda Road Trichur - 680001 Ph: 335094 ■ **Trivandrum** Oomenpanicker Flat No.5, Lukes lane Ambujavilasam Road, Trivandrum 695 001 Ph: (0471) 470002 ■ **Tuticorin** S.P.A. Manohar 327, Sivan Koil Street (North side to PMD Store) Tuticorin 628002 ■ **Vellore** Ashokan G, TMN Main Street, Ranipet 632402 Ph: (04172) 22490





The particulars of Pioneer ITI Index Fund have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations and the units being offered for public subscription have not been approved or disapproved by the Securities and Exchange Board of India nor has the Securities and Exchange Board of India certified the accuracy or adequacy of the Offer Document.

The Memorandum sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Please retain this Memorandum for future reference. For further details investors are advised to refer to the full Offer Document and retain the same for future reference.

### Sponsor Background

The sponsors are Pioneer Investment Management Inc., USA and The Investment Trust of India Ltd (ITI). Pioneer manages one of America's oldest and most successful mutual funds with a 73 year track record of performance and has USD 24 billion in assets under management. UniCredito Italiano Group has recently acquired Pioneer's global investment business. UniCredito is one of Italy's largest banking companies with over USD 150 billion in assets and over 3500 branches in 2000. EuroPlus, UniCredito's asset management arm is one of Europe's largest and fastest growing asset managers, with 90 mutual funds and approximately USD 80 billion in assets under management. The Investment Trust of India Ltd. was established in 1946 and is one of India's well known financial services companies.

### Highlights

- Open end index fund, with two Plans - Nifty and BSE Sensex™.
  - The Nifty Plan is designed to provide returns that closely correspond to the total return of stocks as represented by S&P CNX Nifty.
  - The BSE Sensex Plan is designed to provide returns that closely correspond to the total return of stocks as represented by the BSE Sensex.
- Under each Plan, investors have a choice of Growth and Dividend options
  - The Dividend option also offers reinvestment facility
- Dividends totally tax-free upto March 31, 2002
- Favourable long term capital gains tax with indexation benefits
- Tax benefits under Sec 48 and Sec 112 of the Income Tax Act, 1961

### Risk Factors and Special Considerations

- Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objective of the mutual fund will be achieved
- As with any investment in securities, the Net Asset Value (NAV) of the units issued under the scheme under the scheme can go up or down depending on the factors and forces affecting the capital markets
- Past performance of the sponsors/the asset management company/mutual fund does not indicate the future performance of the schemes of the mutual fund
- Pioneer ITI Index Fund is the name of the scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns
- Due to tracking error, Pioneer ITI Index Fund may not precisely track the chosen benchmark index.
- The sponsors, The Investment Trust of India Ltd and Pioneer which is part of the UniCredito group (one of Italy's leading banking company) are not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution made by The Investment Trust of India Ltd of an amount of Rs.50,000/- towards setting up of the mutual fund.
- Performance of the S&P CNX Nifty Index/BSE Sensex will have a direct bearing on the performance of the scheme. In the event the S&P CNX Nifty/BSE Sensex is dissolved or is withdrawn by IISL/The Stock Exchange, Mumbai, the Trustee reserves a right to modify the scheme so as to track a different and suitable index and appropriate intimation will be sent to the unitholders of the scheme.
- Derivatives are high risk, high return instruments as they may be highly leveraged. A small price movement in the underlying security could have a large impact on their value and may also result in a loss. Also, the market for derivative instruments is nascent in India.

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#### Due diligence

Pioneer ITI AMC Ltd, has exercised due diligence while preparing the offer document and has submitted a due diligence certificate to SEBI in the prescribed format and the same has been reproduced in the full Offer Document.

#### Introduction

Pioneer ITI Index Fund is an open end growth index scheme which seeks to provide returns that, before expenses, closely correspond to the total return of common stocks as represented by the S&P CNX Nifty Index (Nifty) under the 'Nifty' Plan and BSE Sensex under the 'BSE Sensex' Plan.

The advantages of investing in an Index scheme such as Pioneer ITI Index Fund are :

- Diversification** : Since index schemes replicate to a large extent the market index, they provide wide diversification by investing across sectors and across market cap categories.
- Low costs** : Index schemes are passively managed, as a result of which costs such as those relating to trade execution, research etc are kept relatively low.
- Low chances of significant market underperformance** : Index schemes seek to mirror as far as possible the returns generated by the index, subject to expenses, tracking errors.

#### Nifty :

The Nifty is at present being managed by India Index Services & Products Limited (IISL). IISL is a joint venture company promoted by the National Stock Exchange of India Ltd. (NSE) and the Credit Rating and Information Services of India Ltd. (CRISIL) for constructing, maintaining and disseminating data regarding various indices. IISL has a consulting and licensing agreement with Standard and Poor (S&P). S&P is reputed to be the world's premier rating agency and the S&P 500 is one of the major indices in the USA with a substantial number of index funds tracking the S&P 500.

#### BSE Sensex :

The BSE Sensex is the oldest index in India and is being managed by The Stock Exchange, Mumbai the oldest stock exchange in Asia. The Stock Exchange, Mumbai (BSE™) last year completed 125 years of existence.

Investors have the choice of investing in the Growth Plan and Dividend Plan under the scheme

#### Investment Objectives and Policies

The investment objective of the scheme is to provide returns that, before expenses, closely correspond to the total return of common stocks as represented by the S&P CNX Nifty Index under the 'Nifty' Plan and BSE Sensex under the 'BSE Sensex' Plan.

**Investment Strategy** : Under the 'Nifty' Plan, the scheme seeks to match, as closely as possible before expenses and tracking errors, the performance of the S&P CNX Nifty Index (Nifty), which comprises a representative list of 50 stocks listed and traded on the National Stock Exchange.

Similarly, under the 'BSE Sensex' Plan, the scheme seeks to match, as closely as possible before expenses and tracking errors, the performance of the BSE Sensex, which represents a sample of 30 large, well established companies.

In choosing stocks, the scheme will use an indexing strategy. The scheme will buy large as well as the small liquid stocks of Nifty/BSE Sensex in approximately the same proportion as the index.

Over the long term, the portfolio managers seek a close correlation between the performance of the scheme, before expenses and the Nifty/BSE Sensex. A figure of 100% would indicate perfect correlation.

**Tracking Error** : The performance of the scheme may not exactly mirror the performance of the Nifty/BSE Sensex on any given day or over any given period. Such variations are commonly known as the tracking error of the scheme and may arise from a variety of factors such as any delay in the purchase or sale of shares due to illiquidity in the market, settlement and realisation of sales proceeds, delay in registration of securities or in receipt and consequent reinvestment of dividends etc, please refer the unabridged offer document for more details.

The investment policies of the scheme shall be as per SEBI (Mutual Funds) Regulations, 1996, and within the following guidelines :

Under normal market circumstances, the investment range would be as follows :

#### Asset Allocation :

Instruments	Risk Profile	%
Securities covered by the Nifty/BSE Sensex	Medium to High	Upto 100%
Money Market instruments, convertible bonds and other securities including cash at call but excluding subscription and redemption Cash Flow	Low	Upto 20%

Subscription cash flow is the subscription money in transit before deployment and redemption cash flow is the money kept aside for meeting redemptions.

- The asset allocation pattern described above may alter from time to time on a short term basis on defensive considerations, keeping in view of market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on the 'fundamental attributes' shall be followed
- The AMC may invest upto Rs.10 crores in Index Fund and as per current regulations will not charge an asset management fee

#### Procedure for investment

As this is an index scheme, each buy/sell decision will be made on the basis of the weightage of stocks in the respective indices and changes thereupon. The portfolio manager will be the primary decision maker, under the overall supervision of the Chief Investment Officer.

The weightage of individual scrips in the respective indices forms the basis for first time investment decision. Subsequently, the rationale for each buy/sell decision is recorded. The holdings, asset allocation, and performance of the schemes are presented to the boards of AMC/Trustee at their meetings for review

In pursuance of the Regulations, the following restrictions are currently applicable to the scheme.

- Investment from the Index Fund's corpus under the scheme would be only in transferable securities in accordance with Regulation 43 of Chapter VI of SEBI [Mutual Funds] Regulations, 1996

- The scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities 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
- The aggregate inter scheme investment made by all schemes under the same management or in schemes under the management of any other AMC having similar investment objectives shall not exceed 5% of the NAV of the mutual fund. No fees shall be charged for investing in other schemes of the fund or any other mutual fund.
- Pioneer ITI Mutual Fund, under all its schemes shall not own more than 10% of any company's voting rights.
- Transfers of investments from one Pioneer ITI scheme to another will be done as follows:
  - such transfers will be done at the prevailing market price for quoted instruments on spot basis
  - the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made
- The scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated below investment grade by a credit rating agency. Such investment limit may be extended to 20% of the NAV of the scheme with prior approval of the Trustee or the Board of the AMC, provided that such limit shall not be applicable for investment in government securities and money market instruments.

The scheme shall not invest more than 10% of its NAV in unrated debentures issued by a single issuer. All such investment shall be made with the prior approval of the Trustee and the Board of the AMC.

#### Securities lending :

The scheme may also engage in scrip lending as provided under Securities Lending scheme 1997, and other applicable guidelines/regulations. Scrip lending means lending a security to another person or entity for a fixed period of time, at a negotiated compensation. The security lent will be returned by the borrower on expiry of the stipulated period.

The AMC will comply with the required reporting obligations and the Trustee will carry out the reviews required under SEBI/RBI guidelines. Further, a maximum of 40% of net assets under each plan will be deployed in securities lending and the maximum single party exposure will be restricted to 10% of net assets under each plan outstanding at any point of time.

Engaging in scrip lending is subject to risks related to fluctuations in the collateral value and settlement/liquidity/counterparty.

#### Fundamental attributes

Please note that the following are the fundamental attributes of the scheme :

- Type of scheme
  - Investment objective
  - Investment pattern, minimum and maximum asset allocation. The fund retains the option to alter the asset allocation on a short term basis in the interest of unitholders on defensive considerations
  - Liquidity provisions such as repurchase or redemption
  - Aggregate fees and expenses charged to the scheme
- The Trustee can change the fundamental attributes of the scheme provided that
- a. the unitholders are informed about the proposed change in fundamental attributes by sending an individual communication and an advertisement is given in one national English newspaper and one Tamil daily newspaper, and
  - b. the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

#### Underwriting

The scheme may accept underwriting obligations consistent with its investment objective and asset allocation subject to the fund obtaining the necessary approval/registration under SEBI (underwriters) Regulations, 1993 and the capital adequacy norms as prescribed by SEBI. The total underwriting obligations will not exceed the scheme's total net asset value of each plan.

#### Trading in Derivatives

The scheme may use derivatives with respect to equities and debt in accordance with SEBI regulations.

#### Portfolio turnover

As the scheme will follow a passive investment strategy the endeavour will be to minimise portfolio turnover subject to the exigencies and needs of the scheme. Generally, turnover will be confined to rebalancing of portfolio on account of new subscriptions, redemptions, dividend payouts and change in the composition of the S&P CNX Nifty Index/BSE Sensex Index. A higher portfolio turnover will result in higher transactions and brokerage costs including custodian fees and consequently will impact the Net Asset Value adversely.

#### Policy for borrowing

The scheme under each plan may borrow upto a maximum of 20% of the net assets of the scheme for a maximum duration of 6 months in order to meet redemption of units/dividends or interest payouts as a temporary liquidity measure as per Regulation 44[2] of Chapter VI of SEBI [Mutual Funds] Regulations, 1996, on such terms (as to creation of charge on the properties, rate of interest, margins etc.) as the Trustee/AMC considers to be in the interest of investors.

#### Expenses

##### Initial issue expenses : An estimate

Advertising	0.30%
Brokerage	0.50%
Printing & Mailing	0.15%
Legal fees, Application fees	0.05%
	<hr/>
	1.00%

Any initial issue expense over 1% will be borne by the AMC. Thus for every Rs.100 contributed by the investors, Rs.99 will be available to the scheme.

#### Unitholder transaction expenses or sales load : Index Fund

	Present charge	Maximum charge
Maximum sales load imposed on purchase (as % of NAV)	1%	3%
Sales load, if any, on issue of units in lieu of dividends (as % of NAV)	NIL	NIL
Redemption/Repurchase load (as % of NAV)	NIL	3%
Switchover/Exchange fee (as % of NAV)	NIL*	3%

The AMC/Trustee reserve the right to introduce a load and change the load structure of the scheme on a prospective basis if it so deems fit in the interest of and for the smooth and efficient functioning of the scheme. A load structure, introduced by the Trustee/AMC may comprise of an entry load, exit load, spread or level load or any other load as may be permissible under the regulations. Level load represents a low flat charge to buy the fund with an equal charge upon redemption, whenever it occurs.

Any load that may be levied will be applicable on a prospective basis and will be applied for transactions after the introduction of the load. Load will be charged at rates applicable at the time of the transaction (purchase, redemption, exchange, dividend reinvestment etc.) details of which are provided at our office.

All loads shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

\* In case of exchanges, an exchange fee of upto 0.5% will be levied if the exchanges from the same account are in excess of one per calendar quarter. The exchange fees will be in addition to the applicable loads.

#### Total Expenses

The maximum annual recurring expenses that can be charged to the scheme shall be within the limits stated in Regulations 52 (6) and subject to a percentage limit of Weekly Average Net Assets as in the table below :

First Rs.100 crore	Next Rs.300 crore	Next Rs.300 crore	Over Rs.700 crore
2.50%	2.25%	2.00%	1.75%

Any excess over these specified ceilings will be borne by the Asset Management Company or the present, total operating expenses charged to the scheme will be limited to 2.5% per annum of the weekly average net assets. The AMC reserves the right to revise these charges/ceilings and this being fundamental attribute, necessary approvals of the investors will be obtained.

#### Initial issue expenses of schemes launched in the last financial year

#### Pioneer ITI Monthly Income Plan

Initial Issue Expenses	Estimated % of target collections	Actual (unaudited % of resources mobilised)
Advertising	0.25	0.95
Brokerage	1.00	0.89
Printing & Mailing	0.50	0.35
Legal fees, Application fees	0.25	0.02
<b>Total</b>	<b>2.00</b>	<b>2.21</b>

Since Monthly Income Plan is a no load fund, all initial issue expenses were borne by the AMC.

#### Condensed Financial Information

#### Historical per unit statistics (for the last financial year 2000-2001)

	Taxshield	Infotech	Treasury Management Account	Children's Asset Plan
FY 2000-2001				
NAV at the beginning of the year (Rs.)	30.68 (G) 30.68 (D)	39.55 (G) 27.05 (D)	1183.81 (G) 1138.72 (D)	12.34
Dividends (%)	60% 12.50%	NIL	0.135% (WP) <sup>c</sup> 0.115% (WP) <sup>d</sup> 0.231% (WP) <sup>e</sup> 0.154% (WP) <sup>f</sup>	NIL
NAV at the end of the year (Rs.)	21.94 (G) 11.57 (D)	1.47 (G) 9.90 (D)	1299.10 (G) 1155.84 (D)	14.04
Annualised compounded return (%)	48.93%	50.37%	9.37%	12.79%
Net Assets (Rs. in crores)	76.85	249.20	119.99	1.15
As on 31.7.2001				
NAV (Rs.)	20.29 (G) 9.53 (D)	12.79 (G) 8.61 (D)	1337.48 (G) 1159.29 (WP)	14.82
Dividends (%)	NIL	NIL	0.154% (WP) <sup>f</sup>	NIL
Annualised compounded return (%)	35.85%	36.87%	9.34%	13.27%
Net Asset (Rs. in Crores)	73.56	201.88	332.92	1.48

	Internet Opportunities Fund	FMCG Fund	Pharma Fund	Balanced Fund
FY 2000-2001				
NAV at the beginning of the year (Rs.)	9.20	13.52	10.88	10.45
NAV at the end of the year (Rs.)	4.95	10.76	8.86	7.77
Annualised compounded return (%)	-47.11	3.73%	-5.87%	-17.59%
Net Assets (Rs. in crores)	248.79	25.69	47.41	119.24
As on 31.7.2001				
NAV (Rs.)	4.72	10.72	8.25	7.58
Annualised compounded return (%)	-40.61%	3.14%	-7.90%	-15.54%
Net Asset (Rs. in Crores)	233.66	24.56	42.79	112.19

	Optima Fund	Maxima Fund	Taxshield 99	Vista Fund
FY 2000-2001				
NAV at the beginning of the year (Rs.)	11.77	11.47	33.35	22.73 (G) 16.85 (D)
NAV at the end of the year (Rs.)	13.46	12.53	15.09	5.47 (G) 4.06 (D)
Annualised compounded return (%)	11.75%	11.94%	22.88%	-19.68%
Net Assets (Rs. in crores)	20.19	12.53	6.88	13.91
As on 31.7.2001				
NAV (Rs.)	14.40	12.91	14.00	3.38 (G) 2.51 (D)
Annualised compounded return (%)	12.87%	11.55%	15.49%	29.60%
Net Asset (Rs. in Crores)	21.60	0.004	6.38	8.60

	SIP	MIP
FY 2000-2001		
NAV at the beginning of the year (Rs.)	10.00 <sup>a</sup> (PA), 10.00 <sup>a</sup> (PAD), 10.00 <sup>a</sup> (PB), 10.00 <sup>a</sup> (PC), 10.00 <sup>a</sup> (PD)	10.00 <sup>a</sup> (G) 10.00 <sup>a</sup> (MD) 10.00 <sup>a</sup> (QD)
Dividends (%)	NIL	0.90% <sup>e</sup> (MD) 2.70% <sup>e</sup> (QD)
NAV at the end of the year (Rs.)	10.38 (PA), 10.07 (PAD), 10.47 (PB), 10.37 (PC), 10.36 (PD)	10.62 (G) 10.18 (MD) 10.29 (QD)
Returns (%)	3.80% <sup>b</sup> (PA), 0.70% <sup>b</sup> (PAD) 4.70% <sup>b</sup> (PB), 3.70% <sup>b</sup> (PC), 3.60% <sup>b</sup> (PD)	6.20% <sup>b</sup>
Net Assets (Rs. in crores)	104.19	48.77
As on 31.7.2001		
NAV (Rs.)	10.79 (PA), 10.80 (PB) 10.80 (PC), 10.10 (PD)	11.22 (G) 10.48 (MD) 10.62 (QD)
Dividends (%)	6.3 <sup>c</sup> (PD)	0.75% <sup>c</sup> (MD), 2.25% <sup>c</sup>
Annualised compounded return %	7.90% <sup>d</sup> (PA), 8.00% <sup>d</sup> (PB), 8.00% <sup>d</sup> (PC), 7.36% <sup>d</sup> (PD)	12.20% <sup>d</sup>
Net Asset (Rs. in Crores)	85.61	64.40

G - Growth Plan, D - Dividend Plan, WP-Weekly Plan (starting January 14, 2000 every week) <sup>a</sup> Inception  
<sup>b</sup> absolute returns <sup>c</sup> Starting January 14, 2000 - April 21, 2000 every week <sup>d</sup> From April 28, 2000 - August 18, 2000  
every week <sup>e</sup> From August 25, 2000 - September 1, 2000 every week <sup>f</sup> From September 8, 2000 every week <sup>g</sup> Starting  
December 2000 - March 2001 every month <sup>h</sup> From April 2001 every month; <sup>i</sup> June 2001; <sup>j</sup> June 2001; <sup>k</sup> March 2001;  
Strategic Investment Plan : PA - Plan A Growth long term; PAD - Plan A Dividend short term ; PB - Plan B Growth  
medium term ; PC - Plan C Growth long term; PD - Plan D Dividend medium term; MD - Monthly Dividend, QD  
- Quarterly Dividend; Dividends declared from June 1999 are tax exempt for investors.

#### How to Invest

#### Terms of the initial issue at a glance

Initial issue opens on	: 27.8.2001
Initial issue closes on	: 27.8.2001
Sale & Repurchase of units on an ongoing basis from	: 28.8.2001
Issue price	: Rs.10 per unit for cash at par
Minimum amount of subscription	: Rs.10000/1000 units and in multiples of Rs.1000/100 units thereafter
Maximum amount of subscription	: No upper limit
Minimum target amount for collections	: Rs.10 lakhs
Maximum target amount for collections	: Rs.100 crores
Green Shoe Option	: The entire oversubscription will be retained. Full and firm allotment to all applicants
Allotment date	: Date of issue closure
Despatch of Account Statements	: Within 6 weeks of initial issue closing

## Who can buy

The scheme units can be purchased by :

1. Adult individuals, either singly or jointly (not exceeding three), resident in India
2. Parents/Guardian on behalf of minors
3. Companies, Domestic and Overseas Bodies Corporate, Public Sector Undertakings registered in India, Societies, Association of Persons, Body of Individuals, Clubs, HUF, Partnership etc.
4. Charitable or Religious Trusts\* authorized to invest in units of Mutual Funds
5. Non-Resident Indians, Foreign Institutional Investors, Banks, Financial Institutions and Investment Institutions

\* Pioneer ITI Mutual Fund is notified under Sec 10 [23 D] of the Income Tax Act and units of the scheme are approved security under Sec 11[5] of the Income Tax Act read with Rule 17C

## From Whom

The scheme units are being offered for subscription through Agents/Stock Exchanges Brokers and can also be purchased directly from the Fund through various Branches/District Representative Centres of Pioneer ITI Mutual Fund excepting during the period when there is a book closure.

## At what price

The scheme units are being offered for sale at par value of Rs.10 per unit during the initial issue period. The scheme units will be continuously available for sale on an ongoing basis at a NAV based Public Offering Price (POP) on all working days excepting during the period when there is a book closure.

The POP is calculated as given below :

$$\text{POP} = \frac{\text{NAV}}{1 - \text{Sales charge}}$$

While determining the price of units, the fund shall ensure that the repurchase price is not lower than 93% of the Net Asset Value (NAV) and the sale price is not higher than 107% of the NAV. Provided further that the difference between the repurchase price and the sale price of the units shall not exceed 7% calculated on the sale price.

## How to Buy

Completed Application or Additional Purchase Request along with payment can be sent to any Pioneer ITI Mutual Fund Branch or District Representative Centre.

## Minimum amount

The minimum investment for subscribing to Index Fund units under the scheme is Rs.10,000 and in multiples of Rs.1,000 thereafter. There is no upper limit. However, the Trustee/AMC may vary these limits in the interest of the scheme.

In case of investments of Rs.50,000/- [face value] and above, please furnish income tax P.A.N./G.I.R. number and I.T. circle office address.

## Allotment

During the initial issue period, the number of the scheme units allotted would be the amount invested divided by Rs.10. Full and firm allotment is assured to all applicants whose application is complete and found in order. Allotment of the scheme units would be at the discretion of the Trustee but under normal circumstances, in the manner started hereunder :

Upon allotment, a Account Statement (non-transferable) shall be sent to each unitholder. Despatch of Account Statement shall be made within 6 weeks from the date of issue closing. Upon receipt of a request from a unitholder in writing, the fund shall issue a certificate in lieu of an Account Statement.

In case the scheme fails to receive the minimum target collections of Rs.10 lakhs, refund warrants will be issued within 6 weeks. No interest will be payable on the subscription money so refunded within six weeks. However, if the fund fails to refund the amount within six weeks, interest at the rate of 15% per annum shall be paid for the period thereafter.

On an Ongoing basis, applications/additional purchase request received before 3.30 p.m at Pioneer ITI branch offices on a working day will be processed

at that day's POP and those received after 3.30 p.m at the next POP. The number of the scheme units so allotted shall be reflected in the Account Statement issued to the unitholder. The Trustee reserves the right to change the cut-off time on a prospective basis.

All investment requests submitted through an agent/broker or the designated Investor Service Centres (excluding Chennai) will be processed at the POP applicable on the date of their receipt at the designated Investor Services Centre at Chennai/Pioneer ITI Mutual Fund branch. All allotments are subject to realisation of the payment instrument.

## Bank Account Numbers

It is mandatory for the applicants to give their bank account details such as type of account, account number, name of bank and branch. This is required for dividends/redemption payments. If the data is not provided neither the fund nor the AMC will be liable for any delay/non-receipt of dividend/redemption payments.

As the fund intends to make dividend payments through RBI's Electronic Clearing Service/Direct Credit, investors are urged to provide details as specified in the application form.

## How to Redeem

Excepting during the period when there is a book closure, units of eligible unitholders will be redeemed on all working days at the applicable redemption price (which will include the applicable repurchase/redemption load) after receipt of redemption request at any Pioneer ITI Mutual Fund branch from the investor or the investor's agent/broker/financial advisor. The redemption request may be for a specified amount or number of units. The number of units redeemed shall be the amount redeemed divided by that day's redemption price. The number of units so redeemed shall be subtracted from the unitholder's account and a statement to this effect issued to the unitholder.

All redemption requests reaching any Pioneer ITI Mutual Fund branch or District Representative Centre before 3.30 p.m on a working day will be processed at that day's price and those reaching after 3.30 p.m will be processed at the next working day's price

- Please note the minimum amount of redemption should be Rs.1000 excepting when an account is being closed. In case the account balance falls below Rs.1000, the Trustee/AMC reserve the right to close the account and send the proceeds to the investor. However, the Trustee/AMC may vary these limits in the interest of the scheme.

## Information about Index Fund Units

The scheme offers plans such as Systematic Investment Plan, Systematic withdrawal Plan, Exchange etc. the details of which are provided in the unabridged offer document.

## Transfer

As the fund stands ready to redeem the units periodically the transfer facility is found redundant. However, if a transferee becomes a holder of Index Fund units in an official capacity by operation of law or in a scheduled bank/financial institution upon enforcement of a pledge, then the trustee shall, subject to production of necessary evidence, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold Index Fund units and the pledge/charge is otherwise in line with terms of the scheme. In case any pledge/charge over the Index Fund units is registered with the Trustee, transfer will be effected in accordance with the procedure outlined in clause h above. The transfer will be effected in accordance with SEBI (Mutual Funds) Regulations, 1996.

## Nomination Facility

If an application is made in the name of a single unit holder, the unit holder can, at the time of application or subsequently fill in the nomination details to nominate a successor to receive the units on his/her death as per applicable laws

## Dividends

The Trustee may, at their discretion approve the distribution of dividends by the AMC out of distributable profits. The date of declaration under any of the plans/options of any such dividend shall be the record date.

Dividends will be paid within 30 days of the declaration of the dividend and sent directly to the bank account number of the first/sole unitholder as provided in the application form.

Under the Dividend Reinvestment Option, the dividend due and payable to the unitholder will be automatically reinvested at the first ex-dividend NAV prevailing after the dividend is declared.

#### Default plan/option

Investors must clearly indicate the Plan (Nifty or BSE Sensex) in the relevant space provided for in the Application Form. In the absence of such instructions, it will be assumed that the investor has opted for the BSE Sensex Plan.

Similarly, investors must clearly indicate the option (Growth or Dividend) in the relevant space provided for in the Application Form. In the absence of such instruction, it will be assumed that the investor has opted for the Dividend Reinvestment. The Trustee/AMC reserve the right to alter/vary the default plan/option, after giving notice.

#### Winding up

At present, as per SEBI (Mutual Funds) Regulations, 1996, the scheme shall be wound up under the following circumstances:-

- On the happening of any event which, in the opinion of the Trustee requires the scheme to be wound up
- If 75% of the unitholders pass a resolution that the scheme be wound up; or
- If SEBI so directs in the interest of the unitholders

In the event that Index Fund is to be wound up as given above, the Trustee shall give notice disclosing the circumstances leading to the winding up of the scheme:

- To SEBI; and
- In two daily newspapers having circulation all over India, a vernacular newspaper circulating at the place where the mutual fund is formed

#### Exchanges

Investors may exchange their investments from one scheme to another at the applicable public offering price provided that:

- there is no book closure in either of the schemes/plans/options.
- the investment sought to be exchanged is not under any lock-in.

In the event of a book closure in any of the schemes, the exchange will be effected on the working day immediately following the end of the book closure period.

An exchange fee of upto 0.5% will be levied if the exchanges from the same account are in excess of one per calendar quarter. The exchange fee will be in addition to the applicable loads.

#### Associate Transactions

The services of the following associates of the sponsor and the asset management company will be utilised.

- The Investment Trust of India Ltd : for sale and distribution of units
- ITI Capital Markets Ltd : for sale and distribution of units

The compensation paid to these associates will be at the same market rates payable to any other intermediary providing similar service.

As provided in the SEBI Regulation, the schemes will not invest in

- any unlisted privately placed security of any associate or group company of the sponsor,
- any listed security of group companies of the sponsor which is in excess of 25% of the net assets of all the schemes of the mutual fund.

Pioneer ITI Mutual Fund schemes have invested in the following securities. (Investments outstanding as at the end of the each financial year)

The amount paid to associate companies for the distribution of units of Pioneer ITI Mutual Fund schemes

Associate Company Name	Financial Year		Rs. '000
	2000-2001	1999-2000	1998-1999
The Investment Trust of India Ltd	Rs.289.47	Rs.0.33	-
ITI Capital Markets Ltd	Rs.23045.40	Rs.19595.31	Rs.34.74

**Disclosure as to whether any company has invested more than 5% of the NAV of any Pioneer ITI Mutual Fund scheme and investment made by that scheme or any other Pioneer ITI Mutual Fund scheme in that company or its subsidiaries (as on July 31, 2001 unaudited).**

#### Investments in Tata Finance

Scheme	Security	Cost (Rs. in lac)
Income Builder Account	Debt	1196.66
Treasury Management Account	Debt	150.00
Strategic Investment Plan (Plan A - Growth - Long term)	Debt	350.00

#### Investments in HDFC Bank

Scheme	Security	Quantity	Cost (Rs. in lac)
Prima Plus	Equity	114138	89.55
Taxshield 97	Equity	25000	14.49
Pension Plan	Equity	20000	47.29
Taxshield 98	Equity	2000	4.80
Internet Opportunities Fund	Equity	913025	2189.23

#### Investments in IDBI

Scheme	Security	Quantity	Cost (Rs. in lac)
Income Builder Account	Debt	-	2057.48
Treasury Management Account	Debt	-	597.94
Pension Plan	Debt	1100	51.21

The above investments comprise equity and debt market investments. The investments were made after considering the fundamentals underlying the companies as also their future prospects.

#### Tax Benefits

(As per laws currently in force)

- To the unitholder  
Dividends tax-free in the hands of investors.  
No tax deduction at source (TDS) from redemptions paid to resident investors  
Long Term Capital Gains : Benefits of Sec 48 & 112 applicable  
No wealth tax
- To the Fund  
Pioneer ITI Mutual Fund is exempt from Income tax under Section 10 (23 D) of the Act.

Investors are requested to consult tax professionals for specific tax, legal and financial implications of the investment/participation/disinvestment in the scheme.

## Determination of Net Asset Value

Net Asset Value is the actual value of Index Fund unit on any business day and is computed as shown below:-

$$\text{NAV} = \frac{\text{Value of Investments} + \text{Receivables} + \text{Accrued Income} + \text{Other Current Assets} - \text{Liabilities} - \text{Accrued Expenses}}{\text{Number of Index Fund units outstanding}}$$

Separate NAVs will be declared daily for Nifty and Sensex Plan. The Net Asset Values shall be published in two newspapers.

### Investor Rights and Services

- The unitholders of this scheme have a proportionate right in the beneficial ownership of the assets of and the dividends declared by the Mutual Fund for this scheme
- The unitholders are entitled to receive the dividend warrant within 30 days of the date of declaration of the dividend, if any
- The unitholders are entitled to receive interest at rates prescribed by SEBI (currently @15% per annum) from the AMC for delay in dispatch of redemption proceeds beyond the limit specified under SEBI regulations (which at present is 10 working days).
- A change in fundamental attribute/controlling interest of the AMC can be made after following the procedure as outlined in the paragraph 'Fundamental Attributes'.
- The appointment of the Investment Manager for this scheme can be terminated by a resolution passed by 75% of the unitholders of this scheme in the manner prescribed by SEBI. Any change in the controlling interest of the AMC shall be only with the prior approval of SEBI and the Trustee. Approval of unitholders will not be necessary as explained in clause 6a below : (i) the unitholders are informed about the proposed change by sending individual communication and an advertisement is given in one national English newspaper and one Tamil daily newspaper and (ii) the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load
- The following documents will be available for inspection to Index Fund unitholders during working hours on working days at Pioneer ITI AMC Ltd., Chennai: Trust Deed; Investment Management Agreement; Custodian Agreement; SEBI [Mutual Funds] Regulations, 1996; Memorandum of Association & Articles of Association of Pioneer ITI AMC Ltd; Indian Trusts Act, 1882.
- Index Fund units can be transmitted after completion of necessary formalities to the entitled person[s] in the event of death of unitholder. All the restrictions and limitations specified herein including those relating to lock-in period and creation of charge, will be binding also on the successors, legal heirs, pledgee or assigns of the investor.
- An abridged scheme-wise annual report shall be mailed to all unitholders not later than six months from the closure of the financial year. Full annual report scheme-wise will be available for inspection by unitholders at the head office of the Fund and a copy will be made available to unit holders on payment of such nominal fees as may be prescribed.
- Before the expiry of one month from the close of each half year, i.e on March 31st and September 30th, the scheme will publish its unaudited financial results in one national English daily newspaper and one Tamil daily newspaper.

### Investor Services

To resolve investor queries, the fund has set up an Investor Service Cell that ensures prompt response to all investors complaints. The number of complaints received and redressed since January 18, 1995 upto August 2, 2001 are detailed below:

Fund Name	Complaints	Redressal Pending
Prima Fund	430	-
Bluechip Fund	739	-
Prima Plus	1882	-
Taxshield 95	1869	-
Taxshield 96	1434	-
Taxshield 97	184	-
Taxshield 98	43	-
Money Market Account	55	-

Pension Plan	148	-
Income Builder Account	372	-
Guaranteed Income Plan	27	-
Treasury Management Account	-	-
Children's Asset Plan	14	-
Infotech Fund	997	-
Vista Fund	-	-
Optima Fund	-	-
Taxshield 99	403	-
Pharma Fund	187	-
FMCG Fund	136	-
Taxshield	586	-
Maxima Fund	-	-
Balanced Fund	419	-
Internet Opportunities Fund	1320	-
Strategic Investment Plan	-	-
Monthly Income Plan	9	-

Most queries were related to general / additional information on the fund.

Complaints regarding non-receipt of certificates were resolved by issuing duplicate certificates and arranging for duplicate cheques/DDs in cases where redemptions were not received.

Investor Relations Officer :

Mrs. Lalitha Swamy, Vice President - Investor Services  
Pioneer ITI Mutual Fund, Century Centre 75, TTK Road  
Alwarpet, Chennai 600 018. Ph : 4679200 Fax: (044) 498 7790  
E-mail: services@pioneeriti.com

### Response Time :

The fund will endeavour to adhere to the following response times with regard to various investor services from the time of receipt at Chennai.

Activity	From date of receipt	Regulatory limits
Account Statement Mailing	4 working days	6 weeks
Redemption Cheque Mailing	4 working days	10 working days
Address change	4 working days	-
Ownership transmission	4 weeks	30 days

These response times do not consider postal delivery time, acts of God or disruptions beyond the control of the AMC.

## The Fund

Pioneer ITI Mutual Fund has been registered as a trust and is sponsored by Pioneer Investment Management Inc. of the Pioneer Group Inc. USA and The Investment Trust of India Limited. Pioneer is one of America's oldest mutual funds and has recently been acquired by the UniCredito Italiano Group and ITI is one of India's longest established NBFCs.

### Directors of Trustee Company

Mr. John F Cogan, Jr.\*, Company Executive Chairman, Trustee Company 60 State Street, Boston, MA 02109, USA,

*The Pioneer Group, Inc., President & Director, Pioneer Investment Management, Inc., Director, Pioneer Funds Distributors, U.S.A, Director, Pioneer Real Estate Advisors, Inc., Director, Pioneer Forest, Inc., Director, Pioneer International Corporation, Director, Pioneer Management (Ireland) Ltd., Director,*

Mr. Sanjay Maloo\*, Businessman 5B Shree Niket, 11 Ashoka Road Alipore, Calcutta 700 027

*KJMC Financial Services Ltd, Director, Bengal NRI Complex Ltd, Director, Captivate Marketing Services Ltd, Director, Sutanuti Farms Pvt Ltd, Director, Indra Prasths Farms Pvt Ltd, Director, Vinsan Properties Pvt Ltd, Director, Vinsan Brothers Pvt Ltd, Director, Shankar Sales Promotion Pvt Ltd, Director, Vaibhav Credit & Portfolio Pvt Ltd, Director, Tele Link Finance Pvt Ltd, Director, Satellite Finance Pvt Ltd, Director, Santoshi Merchants Pvt Ltd, Director, TCK Finance & Leasing Pvt Ltd, Director, Amrit Sales Promotion Pvt Ltd, Director, The Investment Trust of India Ltd, Director, Igloo Commerce Pvt Ltd, Director, Richirich Securities Pvt Ltd, Director, Bhagatpur Tea Co Ltd, Director, Baldev Commercial Pvt Ltd, Director, Dilip Chhabria Design Pvt Ltd, Director.*

Mr. D S Reddy, Industrialist, 15/16 Cenotaph Road 2nd Street, Chennai 600 018  
*Oriental Hotels Limited, Vice Chairman, The KCP Limited, Director, Pushya Industrial Glass Limited, Director, Oriental Land and Development Co. Ltd, Director*

Mr. Ram V Tyagarajan, Industrialist, 27D Ranjith Road Kotturpuram, Chennai 600 085  
*Thiru Arooran Sugars Ltd, Chairman & Managing Director, Shree Ambika Sugars Ltd, Chairman & Managing Director, Terra Energy Ltd, Director, Supreme Renewable Energy Ltd, Director, Auro Energy Ltd, Director, Madan Capital Market Ltd, Director, Venkatesa Tyagarajan Pvt Ltd, Director, Tanjore Trading and Investments Pvt Ltd, Director, Mustang Trading and Investments Pvt Ltd, Director, T.A. Textiles Private Ltd, Director, STI Advanced Technology Resources Pvt Ltd, Director, Tube Investments of India Ltd, Director, Riga Sugars Co. Ltd, Director, Lexus Share and Stock Brokers Pvt Ltd, Director, Indian Sugar Mills Association, Director, Indian Sugar and General Industry Export Import Corporation Ltd, Director.*

Mr. A P Venkateswaran, Foreign Policy Analyst, A 18 Indian Foreign Service Apartments, Mayur Vihar, New Delhi - 110 091.

*Dhanalakshmi Bank Ltd, Director*

\* Mr. John F Cogan, Jr and Mr. Sanjay Maloo are associated with the sponsors.

#### **Substantial Provisions of the Trust Deed**

- To invest the funds collected through the scheme effectively so as to provide a fair return to the unitholders
- The Trustee shall, in discharging their duties, act in the interest of the unitholders
- The monitoring of the fund will be carried out by the Trustee on a continuous basis. When the AMC is engaged by the Trustee for managing the fund, the Trustee shall obtain such periodical reports as it may require from the AMC. Such periodical reports shall be analysed with an object to recognise the need for corrective actions early enough in order to avoid or minimize losses to the unitholders
- To do all such other acts, deeds, things as may be incidental or necessary for the advancement or fulfillment of the above objects

#### **The Asset Management Company**

Pioneer ITI AMC Ltd. (the AMC) has been appointed as the investment managers for Pioneer ITI Mutual Fund and operates its various schemes under the provisions of the Investment Management

#### **Directors of the Asset Management Company:**

Mr. Jaskaran S. Teja, Chairman                      Mr. J. Jayaraman  
Mr. S.G. Prabhakaran                              Mr. N.C. Singhal  
Mr. G. Chidambar

*Mr. Jaskaran S. Teja and Mr. N.C. Singhal are associated with the sponsors.  
Mr. Vivek Reddy is the Chief Executive Officer of Pioneer ITI AMC Limited.*

#### **Pending litigation or proceedings**

Any enquiry/adjudication proceedings under the SEBI Act and the Regulations made thereunder, that are in progress against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Trustee or any of the Directors or key personnel of the Asset Management Company.

NIL

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, or any of the directors or key personnel (specifically the fund managers) of the Asset Management Company and the Trustee company. Penalties awarded against the Sponsors and its associates by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debentureholders and depositors, penalties awarded for any economic offence and violation of any securities laws.

SEBI had in January 2000 referred to adjudication certain allegations relating to non-disclosure of three items in the abridged offer documents of Balanced Fund, Pharma Fund, FMCG Fund and Taxshield and non-filing of the abridged offer document of Balanced Fund.

The adjudicating officer by his order dated 14th June 2001 has levied a penalty of Rs.2 lakhs against the Asset Management Company.

Any pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Trustee or any of the directors or key personnel is a party. Any pending criminal cases against the Sponsor or any company associated with the Sponsor in any capacity including the AMC, Trustee or any of the directors or key personnel.

NIL

Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC or the Trustee which SEBI has specifically advised to be disclosed in the offer document, or which has been notified by any other regulatory agency.

NIL

#### **Independent Agencies**

##### **Custodian**

Deutsche Bank, 222, Dr. D.N. Road, Fort, Mumbai 400 001.

##### **Auditors**

Fraser & Ross, 4A, Kences Towers, North Usman Road, T. Nagar, Chennai 600 017.

##### **Other information**

The unabridged offer document of these scheme is available at the offices of Pioneer ITI AMC Ltd. and will be provided on request. The terms and conditions of the offer documents shall bind the applicant/the successors/heirs. In case of incomplete or invalid applications, the AMC reserves the right to refund the monies to the applicants.

The Trustee is authorized to prescribe rules, regulations and procedures (including cut-off time, limits on minimum investment/redemption, right to suspend transactions under certain circumstances etc.) from time to time not inconsistent with the terms of the issue of the respective scheme or SEBI regulations, to implement such terms or to remove difficulties or to settle any disputes and to make any changes as may be required by reason of changes in law or regulations, in the manner required/permitted under such law or regulations.

Place : Chennai

Sd/-

Date : August 20, 2001

Trustee,  
Pioneer ITI Mutual Fund

#### **Instructions**

Please read the unabridged offer document containing the terms of offer. All applicants are deemed to have accepted the terms subject to which the offer is being made and bind themselves to the terms upon signing the Application Form and tending the payment.

1. The application form must be completed in BLOCK LETTERS in ENGLISH
2. Signatures should be in English or in any of the Indian languages. Thumb impressions must be attest by a Magistrate/Notary Public under his/her official seal. In case of HUF, the Karta will sign on behalf of the HUF.
3. Mode of payment :-
  - by cash/local cheque deposited with any Pioneer ITI Mutual Fund branch
  - Applicants from places where there is no KPMF branch/DR Centre can deduct DD charges (as per prevailing applicable IBA rates) from the application amount provided these drafts are payable at Chennai only. Applicants may send their application alongwith separate bank drafts for each scheme, to the investor service center at Chennai
  - Investors are instructed NOT to make cash payments to their agents and to KPMF district representative centres.
  - Cheques should be drawn in favour of 'Pioneer ITI Index Fund'. If the application is tendered at District Representative center, cheques should be drawn in favour of 'Pioneer ITI Mutual Fund'. The fund is not obliged to represent dishonoured cheques or inform the investor/investor's agent about it.
4. In case of an application form under a Power of Attorney or by a limited company or a body corporate or a registered society, or a Trust, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, or a duly certified copy thereof, alongwith a certified copy of the Memorandum and Articles of Association (where applicable) and/or bye law may be lodged alongwith the application form. The signature must be duly attested by a notary public.

**Pioneer ITI AMC Limited, 75, T.T.K. Road, Alwarpet, Chennai - 600 018.  
Phone: 4679203-05 Fax: 044-4987790 E-mail: services@pioneeriti.com**