



NOTICE CUM ADDENDUM

Notice cum addendum for amendment to Scheme Information Documents (SIDs) & Key Information Memorandums (KIMs) of Tata Liquid Fund, Tata Money Market Fund, Tata Corporate Bond Fund, Tata Dynamic Bond Fund, Tata Income Fund, Tata Medium Term Fund, Tata Short Term Bond Fund, Tata Treasury Advantage Fund, Tata Ultra Short Term Fund, Tata Retirement Savings Fund - Conservative Plan, Tata Hybrid Equity Fund and Tata Balanced Advantage Fund.

Effective date: 11 February 2019

The above-mentioned schemes may participate in repo in corporate debt securities subject to guidelines specified by RBI & SEBI which includes the following:

- Gross exposure to corporate bond repo transaction should be not more than 10% of the net asset of the scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the Scheme.
- The Schemes will participate in repo transactions only in AA and above rated corporate debt securities.
- The Schemes may borrow through repo transactions (for redemption/dividend payout) only if the tenor of the transaction does not exceed a period of six months & aggregate borrowing is not more than 20% of net assets of the Scheme.
- Credit exposure will be on the counterparty & not on the collateral securities in case of corporate bond repo. Issuer and counterparty limits will be based on approved credit universe.

The schemes will ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.

As mandated by SEBI vide circular CIR/IMD/DF/19/2011 dated November 11, 2011, AMC & Trustee company of Tata Mutual Fund have specified norms for Category of counterparty, credit rating of counterparty, tenor of collateral and applicable haircuts for participation in repo in corporate bonds.

Risk associated with investing in Repo of Corporate Bond Securities

To the extent the scheme invests in Repo of Corporate Bond Securities, the scheme will be subject to following risks -

- Corporate Bond Repo will be subject to counterparty risk.
- The Schemes will be exposed to credit risk on the underlying collateral - downward migration of rating. The scheme may impose adequate haircut on the collateral to cushion against any diminution in the value of the collateral. Collateral will require to be rated AA & above rated where potential for downgrade/default is low. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity & interest rate risk on the underlying instrument.
- Liquidity of collateral: In the event of default by the counterparty, the scheme would have recourse to recover its investments by selling the collateral in the market. If the underlying collateral is illiquid, then the Mutual Fund may incur an impact cost at the time of sale (lower price realization).

Notes: -

- This notice cum addendum will form an integral part of the SIDs & KIMs of the schemes.
- All other terms and conditions of the SIDs/ KIMs read with other addendums including the Risk-o-meters of the scheme remain unchanged.

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.