

## Addendum

**This addendum sets out changes to be made in the Scheme Information Document (SID) of Tata Infrastructure Fund (TISF), Tata Pure Equity Fund (TPEF) and Tata Equity Opportunities Fund (TEOF) enabling the schemes to invest in Foreign/Overseas securities.**

Effective Date: 10<sup>th</sup> August, 2009.

With global markets now being open to Indian investors, we have an opportunity to invest in a range of financial assets outside India which leads to diversification of portfolio and reduction in risk. Performance knows no boundaries. High performance stocks exist all over the world even in markets that post low growth.

As global markets are not co-related, they differ from each other in terms of performance, volatility etc. they offer constant opportunities for growth. Global events may affect Indian markets while the converse is not necessarily. Hence, diversifying your investments internationally reduces your overall risk.

In line with the investment objective and in accordance with guidelines issued by SEBI vide circular No SEBI/IMD/CIR NO. 7/104753/2007 dated September 26, 2007, the scheme may invest upto 25 % of the net assets in the foreign/overseas securities and such other securities as may be permitted by SEBI/RBI from time to time.

To enable the scheme to invest in overseas securities additional disclosures are incorporated in the SID of the schemes.

### **1. Schedule H - Section II -Information about the scheme -Who manages the scheme**

#### **Appointment of dedicated fund manager for foreign/overseas investment**

Mr. Dinesh Da Costa has been appointed as dedicated fund manager for managing investment in Foreign Securities. Profile of Mr. Dinesh Da Costa is given below:

**Age:** 33 years

**Qualifications:** B. Com, CFA, MBA (Finance)

**Total Experience:** 8 years

**Other schemes under his management:** Tata Indo Global Infrastructure Fund (TIGIF) and Tata Growing Economy Infrastructure Fund (TGEIF)

#### **Experience (Assignments held during last 10 years):**

May 2000 - May 2007, Last designation Head Equities Rest of Maharashtra) at Dalal & Broacha Stock Broking Ltd - Reporting to the Executive Director.

May 2007 till date - As Research Analyst and Fund Manager at Tata Asset Management Limited - Reporting to Sr. Fund Manager

### **2. Schedule A – Section 1 Risk factors related to investment in Foreign/Overseas Investments:**

- To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilization of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
- The Scheme may also invest in ADRs / GDRs / Other Foreign Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India from time to time. To the

extent that some part of the assets of the Schemes may be invested in securities denominated in foreign currencies, Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment as applicable.

- As the investment may be made in stocks of different countries, the portfolio shall be exposed to the political, economic and social risks with respect to each country. However, the portfolio manager shall ensure that his exposure to each country is limited so that the portfolio is not exposed to one country. Investments in various economies will also diversify and reduce this risk.
- **Currency Risk:** The schemes may invest in securities denominated in a broad range of currencies and may maintain cash in such currencies. As a consequence, fluctuations in the value of such currencies against the currency denomination of the relevant scheme will have a corresponding impact on the value of the portfolio. Furthermore, investors should be aware that movements in the rate of exchange between the currency of denomination of a fund and their home currency will affect the value of their shareholding when measured in their home currency.
- In respect of the corpus of the Scheme that is invested in overseas mutual fund schemes, investors shall bear the proportionate recurring expenses of such underlying scheme(s), in addition to the recurring expenses of the Scheme. Therefore, the returns attributable to such investments by the Scheme may be impacted or may, at times, be lower than the returns that the investors could obtain by directly investing in the said underlying scheme.

### **3. Schedule B – Section IV - Annual scheme recurring expenses**

In case the scheme invests in foreign mutual funds, the fees and expenses charged by the Mutual Fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund(s) shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

TAML may enter into a revenue/cost sharing agreement with the overseas mutual fund/overseas investment advisor(s). In case the scheme invests in foreign mutual funds, the fees and expenses charged by the Mutual Fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund(s) shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

### **4. Schedule D Section II- Information about the Scheme - Where will the scheme invest**

#### **Investment in Foreign Securities**

In line with the investment objective and in accordance with guidelines issued by SEBI vide circular No SEBI/IMD/CIR NO. 7/104753/2007 dated September 26, 2007, the scheme may invest upto 25 % of the net assets in the foreign/overseas securities and such other securities as may be permitted by SEBI/RBI from time to time.

SEBI vide its circular no. SEBI/IMD/CIR No2/122577/08 dated April 08, 2008 has increased the aggregate ceiling for the mutual fund industry to invest in following securities Up to US \$ 7 billion, and within this limit of US \$ 7 billion, individual Mutual Fund can make overseas investments in following securities to a maximum of US \$ 300 million. Following are the securities in which a mutual fund scheme can invest:

SEBI vide circular dt. September 26, 2007 has permitted mutual funds to invest in following types of foreign securities:

- ADRs/GDRs issued by Indian companies or foreign companies, Equity of overseas companies listed on recognized stock exchanges overseas
- Initial and follow on public offering for listing at recognized stock exchange overseas
- Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
- Money market instruments rated not below investment grade
- Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds
- Government securities where the countries are rated not below investment grade
- Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
- Short term deposits with banks overseas where the issuer is rated not below investment grade
- Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets).

Mutual Funds are also permitted to invest in overseas Exchange Traded Funds (ETFs) cumulatively upto US\$ 1 billion with a sub – ceiling of US \$ 50 million for individual Mutual Fund.

Portfolio of overseas / foreign securities shall be managed by a dedicated Fund Manager. While selecting the securities, the Fund Manager may rely on the inputs received from internal research or research conducted by external agencies in various geographies. The fund may also appoint overseas investment advisors / managers to advise / manage portfolio of foreign securities.

The investment in such Overseas Financial Assets shall not exceed the limit as may be imposed by SEBI/ RBI from time to time.

AMC believes that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multicurrency products. However, such investments also entail additional risks. The Fund may, where necessary, appoint other intermediaries of repute as advisors, sub-managers, or sub custodians for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements, if any, of SEBI.

To manage risk associated with foreign currency and interest rate exposure and for efficient portfolio management, the fund may use derivatives such as cross currency swaps etc. The use of derivatives would be in accordance with the prevailing regulations.

## **5. Schedule C – Section III - Units and Offer - Periodic Disclosure**

### **Valuation of foreign/overseas investments**

#### **Foreign Exchange conversion**

On the valuation day, all assets and liabilities in foreign currency will be valued in Indian Rupees at the RBI reference rate as at the close of banking hours on that day in India. The Trustees reserve the right to change the source for determining the exchange rate at a future date after recording the reason for such change.

#### **Foreign Securities**

The foreign securities including units of overseas Mutual Fund(s) shall be valued at the last available price files or NAV/Repurchase Price as the case may be) from the stock exchange(s) / mutual fund(s) at the time of NAV calculation.

**Notes:-**

- This addendum will form an integral part of the SID.
- All other terms and conditions of the SID read with other addendums if any remain unchanged.

**Statutory Details:** Constitution: Tata Mutual Fund (TMF) has been set up as a Trust under the Indian Trust Act, 1882. **Sponsors & Settlers:** Tata Sons Ltd. & Tata Investment Corporation Ltd. **Trustee:** Tata Trustee Company Pvt. Ltd. **Investment Manager:** Tata Asset Management Ltd, Fort House, 221, Dr. D. N. Road, Mumbai 400001. Tel: 66578282 **Email:** kiran@tataamc.com. **Website:** www.tatamutualfund.com

**Nature & Investment Objective: TISF:** An open ended equity scheme, the investment objective of the scheme is to provide income distribution and / or medium to long term capital gains by investing predominantly in equity / equity related instruments of the companies in the infrastructure sector. **TPEF:** An open ended equity fund. To provide income distribution and / or medium to long term capital gains while at all times emphasizing the importance of capital appreciation. **TEOF:** An open ended equity fund. To provide income distribution and / or medium to long term capital gains while at all times emphasizing the importance of capital appreciation.

**Risk Factors:** As with any investment in securities, the NAV of the Units issued under the Schemes may go up or down depending on the various factors and forces affecting capital markets. Mutual Fund and securities investments are subject to market risks and there can be no assurance and no guarantee that the scheme's objectives will be achieved. Past performance of the Sponsors/ AMC/ schemes of the Tata Mutual Fund does not indicate the future performance of the scheme of the Mutual Fund. Tata Infrastructure Fund, Tata Pure Equity Fund and Tata Equity Opportunities Fund are only the name of the schemes and do not in any manner indicates either the quality of the scheme, its future prospects or the returns. The present schemes / plans / options are not a guaranteed return scheme / plans / options. The Sponsors are not responsible or liable for any loss resulting from the operations of the Mutual Fund beyond the contribution of an amount of Rs.1 lac made by them towards setting up of the Mutual Fund. Investments by the scheme in interest bearing securities are subject to interest rate risk, credit risk, floating rate risk and liquidity risk. **For scheme specific risk factors and other details investors are urged to read the Scheme Information Document (SID) / Statement of Additional Information (SAI) and terms and conditions, as outlined in the application form, carefully before investing.**