

**TATA**

# **FIXED MATURITY PLAN**

## **Series 25 Scheme B**

(18 Months Closed Ended Debt Scheme)



Expertise that's trusted

### **NFO Closes on 24th September 2009. Units at Rs. 10/- each**

Times change for the better and so do investment options. In keeping with the changing times and financial needs, Tata Mutual Fund presents a contemporary & tax efficient investment option - **Tata Fixed Maturity Plan Series 25 Scheme B (TFMP)**.

#### **What are Fixed Maturity Plans?**

Fixed Maturity Plans (FMPs) are basically income/debt schemes with fixed maturity period.

#### **Fixed Maturity Plans in general:**

- ▶▶ Invest in a portfolio of debt instruments which have a maturity equal to or less than the maturity period of the plan.
- ▶▶ Are passively managed with an eye on coupon income. Thus, investors staying till the maturity of the fund earn the normal yield applicable on their investment tenure, without bothering much about the mid-way volatility in prices of underlying instruments due to interest rate fluctuation.

#### **Why invest in TFMP 25 Scheme B?**

- ▶▶ **Minimal Interest Rate risk:** Unlike debt funds, which are exposed to three kinds of risks viz. interest rate, credit & liquidity risk, FMPs like TFMP seem a better option. It would be least exposed to interest rate risk as the fund manager would normally hold the instruments till maturity, getting a fixed rate of return. It would endeavour to invest in quality papers which try to minimise credit risk.
- ▶▶ **Low transaction cost:** Due to its very nature of holding the instrument till maturity, there may be no regular churning of the portfolio in TFMP. This may significantly reduce the costs incurred in buying these instruments.
- ▶▶ **Tax Benefit:** By investing in Tata Fixed Maturity Plan Scheme 25 Scheme B, an investor can take advantage of the indexation benefit for tax calculation. Your investment in TFMP may enable you to post higher post tax returns to the extent of tax saved on your investment.

#### **DOUBLE INDEXATION**

Whenever units of a mutual fund scheme is sold, or redeemed on maturity it could lead to a capital gains tax liability. The liability can either be short-term or long-term, depending on the tenure of investment. For example, in the case of mutual funds, an investment held for a period of more than 365 days qualifies as a long-term investment as per the prevailing tax laws. Tax laws are subject to change from time to time. Tax benefits / concessions available at present may not continue in future.

In case of long-term capital gains in debt schemes, the tax liability is computed using two methods i.e. with indexation (charged at 20% plus surcharge & cess) and without indexation (charged at 10% plus surcharge & cess); the tax liability will be the lower of the two.

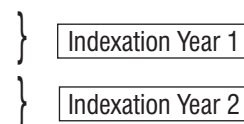
Simply put, indexation means adjusting the cost of the capital asset (in this case a mutual fund), by incorporating the impact of inflation during the period of holding i.e. the period between the purchase date and the date of transfer/sale.

Double indexation comes into play when the purchase is made in one financial year and the MF matures or is sold two financial years later. Double indexation means enjoying indexation benefits for more than one financial year, without having to hold the asset for the said period. Simply put, an investor can claim indexation benefits for 2 financial years, without having been invested for 2 complete financial years.

Financial Year at time of investment: 2009-10

Financial Year in between investment and redemption :2010 - 2011

Financial Year at time of redemption: 2011-12



## KEY FEATURES

- Investment Objective** : The investment objective of the schemes is to generate income and / or capital appreciation by investing in wide range of Debt and Money Market instruments having maturity in line with the maturity of the respective schemes. The maturity of all investments shall be equal to or less than the maturity of the respective schemes.
- Investment Pattern** : Likely around 100% in Debt and Money Market Instruments & Securitised Debt
- Investment Plan** : 18 Months Maturity
- Options** : Retail Investment Plan, High Investment Plan & Super High Investment Plan - Under each plan Growth Option & Dividend Option is available. Dividend Option has Periodic option with Dividend Payout facility.
- Minimum Application Amount** : Retail Investment Plan (RIP) - Rs. 10,000/- and in multiples of Re.1/- thereafter.  
High Investment Plan (HIP) - Rs. 25,00,000/- and in multiples of Re.1/- thereafter.  
Super High Investment Plan (SHIP) - Rs. 1,00,00,000/- and in multiples of Re.1/- thereafter.
- Applicable loads (as a % of relevant NAV)** : Entry Load: Not applicable w.e.f. August 2009. Exit Load: N.A. (Since the scheme will be listed on the Stock Exchange, the Exit Load is not applicable)
- Liquidity** : Subscription: Being a close ended scheme, units of the scheme cannot be subscribed after the closure of NFO  
Redemption: Being a scheme to be listed on the exchange, the fund will not accept any redemption / repurchase and switch-out application till the maturity of the scheme.  
However, after the closure of the NFO, Investors can buy the units of the scheme in dematerialized form or sell the units of the scheme from/ to the recognised Stock Exchanges in India i.e. BSE where the units of the scheme are proposed to be listed.
- Transparency** : The NAV will be declared on all Business Days.
- New Fund Offer Opens On** : 15th September, 2009
- New Fund Offer Closes On** : 24th September, 2009

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**Statutory Details: Constitution:** Tata Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. **Sponsors & Settlers:** Tata Sons Ltd., Tata Investment Corporation Ltd. **Investment Manager:** Tata Asset Management Ltd. **Trustee:** Tata Trustee Co. Ltd. **Risk Factors:** Mutual Fund and securities are investments subject to market risks and there can be no assurance and no guarantee that the scheme will achieve its objectives. As with any investment in stocks, shares and securities the NAV of the units under the scheme can go up or down, depending upon the factors and forces affecting the capital market. Past performance of the previous Schemes, the Sponsors or its Group affiliates is not indicative of and does not guarantee the future performance of the Scheme. Tata Fixed Maturity Plan Series 25 Scheme B is only the name of the scheme and does not in any manner indicate either the quality of the scheme, its future prospects or the returns. The sponsors are not responsible or liable for any loss resulting from the operations of the scheme beyond the initial contribution of Rs.1 lac made by them towards setting up the Mutual Fund. Investment by Mutual Fund schemes in fixed income securities is subject to interest rate risk, credit risk and liquidity risk. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio. Risks in using derivatives include the risk of default of counter party, mis-pricing and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Scheme specific risk factors have been mentioned in the Scheme Information document. The scheme is not offering any assured/guaranteed returns to investors. Please consult your tax advisor regarding applicability of prevailing tax laws. For scheme specific risk factors and other details please read the Scheme Information document (SID) of the scheme carefully before investing. For Scheme Information Document (SID) & Application forms, please contact your nearest Collection Center / AMC Office.