This product is suitable for investors who are seeking:

- Regular Fixed Income for Short Term.
- Investment in Debt / Money Market instruments / Government Securities.

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of TATA Mutual Fund, Tax and Legal issues and general information on www.tatamutualfund.com.

SAI is incorporated by reference (is legally a part of the Scheme Information Document (SID)). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated 20 May, 2020

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<th>AMC</th>
<th>Trustee</th>
</tr>
</thead>
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<tr>
<td>Tata Mutual Fund</td>
<td>Tata Asset Management Ltd.</td>
<td>Tata Trustee Company Ltd.</td>
</tr>
<tr>
<td>1903, B-Wing, Parinee Crescenzo, G-Block, BKC, Bandra (East), Mumbai - 400 051</td>
<td>1903, B-Wing, Parinee Crescenzo, G-Block, BKC, Bandra (East), Mumbai - 400 051</td>
<td>1903, B-Wing, Parinee Crescenzo, G-Block, BKC, Bandra (East), Mumbai - 400 051</td>
</tr>
</tbody>
</table>

Scheme Opened on 08.08.2002
Scheme Closed on 08.08.2002
Scheme Re-opened on 12.08.2002

Tel: (022) 66578282 Fax: (022) 22613782 Website: www.tatamutualfund.com E-mail: service@tataamc.com
## TATA SHORT TERM BOND FUND

### HIGHLIGHTS / SUMMARY OF THE SCHEME

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<td>44</td>
</tr>
</tbody>
</table>
**TATA SHORT TERM BOND FUND**

**HIGHLIGHTS / SUMMARY OF THE SCHEME**

<table>
<thead>
<tr>
<th>Name of the Scheme</th>
<th>Tata Short Term Bond Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Scheme</td>
<td>An open ended short term debt scheme investing in instruments such that the Macaulay duration of portfolio is between 1 year and 3 years. (Please refer to page number 14 of the SID on which the concept of Macaulay’s Duration has been explained).</td>
</tr>
<tr>
<td>Scheme Category</td>
<td>Debt Schemes-Short Duration Fund</td>
</tr>
<tr>
<td>Investment Objective</td>
<td>The investment objective is to generate regular income/appreciation over a short term period. There can be no assurance that the investment objective of the Scheme will be realised.</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Being open ended schemes units are available for redemption on all business days, subject to exit load if any.</td>
</tr>
<tr>
<td>Benchmark</td>
<td>Crisil Short Term Bond Fund Index</td>
</tr>
</tbody>
</table>

**Transparency/NAV Disclosure**

The NAVs will be calculated and disclosed on every Business Day. The AMC shall prominently disclose the NAVs under a separate head on the website of the Fund (www.tatamutualfund.com) and of the Association of Mutual Funds in India-AMFI (www.amfiindia.com) by 11 p.m on every Business Day.

Tata Mutual Fund shall disclose portfolio (along with ISIN) in user friendly and downloadable spreadsheet format, as on the last day of the month/half year for all their schemes on its website www.tatamutualfund.com and on the website of AMFI www.amfiindia.com within 10 days from the close of each month/half year.

In case of unitholders whose email addresses are registered, Tata Mutual Fund shall send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month /half year respectively.

Due to difference in the expense ratio, the NAV of each option of Direct Plan will be different from the NAV of each option of Regular Plan. Similarly, due to dividend payout, the NAV of Dividend Option will be different from the NAV of Growth option.

**Investment Plans/ Options**

<table>
<thead>
<tr>
<th>Default Option</th>
<th>Kindly refer table given below</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Minimum Subscription Amount</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Load</th>
<th>Entry Load: N.A. Exit Load: Nil</th>
</tr>
</thead>
</table>

**Duration of the Scheme**

The Scheme, being an open ended in nature, has perpetual duration.

**Plans and Options:**

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Plan</th>
<th>Option</th>
<th>Default Option If Growth or Dividend Option is not mentioned</th>
<th>Default Option If Dividend sub Option is not mentioned</th>
<th>Minimum Investment Amount (for each option)</th>
</tr>
</thead>
</table>
| Tata Short Term Bond Fund | Regular    | • Growth  
                                         • Periodic Dividend  
                                         • Monthly Dividend | Growth                                                   | Periodic Dividend                                     | Rs.5000/- & in multiples of Re.1/-          |
|                         | Direct     | • Growth  
                                         • Periodic Dividend  
                                         • Monthly Dividend | Growth                                                   | Periodic Dividend                                     | Rs.5000/- & in multiples of Re.1/-          |

**Notes:**

1. Minimum additional investment amount for existing investors is Rs.1000/- & in multiples of Re.1/-. Minimum redemption request is Rs.500 or 50 units or folio available balance whichever is lower.

2. **Default Plan:**

Investors are requested to note the following scenarios for the applicability of “Direct Plan or Regular Plan” for valid applications received under the scheme:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Broker Code mentioned by the investor</th>
<th>Plan mentioned by the investor</th>
<th>Default Plan to be captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not mentioned</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
</tr>
</tbody>
</table>
In cases of wrong/invalid/incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

3. **Regular Plan:** For applications routed through Distributors & **Direct Plan:** For applications not routed through Distributors.

4. In case dividend payout option is not mentioned than dividend shall be compulsorily reinvested in the same scheme/option at applicable ex-dividend NAV.

5. **Face Value per unit of all Plans/ Options of the scheme is:** Rs.10/- per unit.

**Other Highlights**
- A Mutual Fund - sponsored by Tata Sons Limited (TSL) and Tata Investment Corporation Limited (TICL).
- The Scheme is managed by Tata Asset Management Limited (TAML).

**Interpretation**
For all purposes of this Scheme Information Document (SID), except as otherwise expressly provided or unless the context otherwise requires:
- The terms defined in this SID includes the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- The term “Scheme” refers to all the options i.e. Growth Option, Periodic Dividend & Monthly Dividend Options.

**I. INTRODUCTION**

**A. RISK FACTORS**

**Standard Risk Factors:**
- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/value/interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme(s) may go up or down
- Mutual Funds and securities investments are subject to market risks and there can be no assurance and no guarantee that the Scheme(s) will achieve its objective.
- Mutual fund investments are subject to market risks, read all scheme related documents carefully.
- As with any investment in stocks, shares and securities, the NAV of the Units under this Scheme can go up or down, depending on the factors and forces affecting the capital markets.
- Past performance of the previous Schemes, the Sponsors or its Group / Affiliates / AMC / Mutual Fund is not indicative of and does not guarantee the future performance of the Scheme.
- The sponsors are not responsible or liable for any loss resulting from the operations of the scheme beyond the initial contribution of Rs. 1 lakh made by them towards setting up of the mutual fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme, its future prospects or the returns. Investors therefore are urged to study the terms of the Offer carefully and consult their tax and Investment Advisor before they invest in the Scheme(s).
- Tata Short Term Bond Fund is not a guaranteed or assured return scheme.

**Scheme Specific Risk Factors:**

**Liquidity and Settlement Risks:**
The liquidity of the Scheme investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. From time to time, the Scheme will invest in certain securities of certain companies, industries, sectors, etc. based on certain investment parameters as adopted
Risks Associated with Securitised Debt

Securitized Debt such as Mortgage Backed Securities ("MBS") or Asset Backed Securities ("ABS") 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.

Risks Associated with Securitised Debt

Risk due to prepayment: In case of securitized debt, changes in market interest rates and pre-payments may not change the absolute amount of receivables for the investors but may have an impact on the reinvestment of the periodic cash flows that an investor receives on securitized papers. In the event of pre-payment of the underlying debt, investors may be exposed to changes in tenor and yield.

Liquidity Risk: Presently, despite recent legal developments permitting the listing of securitized debt instruments, the secondary market for securitized debt in India is not very liquid. Even if a more liquid market develops in the future, secondary transactions in such instruments may be at a discount to initial issue price due to changes in the interest rate structure.

Limited Recourse and Credit Risk: Certificates issued on investment in securitized debt represent a beneficial interest in the underlying receivables and there is no obligation on the issuer, seller or the originator in that regard. Defaults on the underlying loan can adversely affect the payoff to the investors and thereby, adversely affect the NAV of the Scheme. While it is possible to repossess and sell the underlying asset, various factors can delay or prevent repossession and the price obtained on sale of such assets may be low.

Bankruptcy Risk: If the originator of securitized debt instruments in which the Scheme invests is subject to bankruptcy proceedings and the court in such proceedings concludes that the sale of the assets from originator to the trust was not a ‘true sale’, then the Scheme could experience losses or delays in the payments due. Normally, care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a ‘true sale’.

Risk of Co-mingling: Servicers in a securitization transaction normally deposit all payments received from the obligors into a collection account. However, there could be a time gap between collection by a servicer and depositing the same into the collection account. In this interim period, collections from the loan agreements by the servicer may not be segregated from other funds of the servicer. If the Servicer fails to remit such funds to investors, investors in the Scheme may be exposed to a potential loss.
Risk Control for Securitised Debt:

1. Risk profile of securitized debt vis a vis risk appetite of the scheme:

Securitized Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. In line with the investment strategy of the Scheme and considering that there would be no intermediate redemption pressures for the Fund Manager, the Scheme may take exposure to rated Securitized Debt with the intent to enhance portfolio yield without compromising on credit quality.

2. Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.

The evaluation parameters of the originators are as under:
- Track record
- Willingness to pay, through credit enhancement facilities etc.
- Ability to pay
- Business risk assessment, wherein following factors are considered:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

**Track record**
We ensure that there is adequate past track record of the Originator before selection of the pool including a detailed look at the number of issuances in past, track record of issuances, experience of issuance team, etc. We also look at the credit profile of the Originator for its own debt. We normally invest only if the Originator’s credit rating is at least 'AA' (+/- or equivalent) or above by a credit rating agency recognized by SEBI.

**Willingness to pay**
As the securitized structure has underlying collateral structure, depending on the asset class, historical NPA trend and other pool / loan characteristics, a credit enhancement in the form of cash collateral, such as fixed deposit, bank guarantee etc. is obtained, as a risk mitigation measure.

**Ability to pay**
This assessment is based on a detailed financial risk assessment.

A traditional SWOT analysis is used for identifying company specific financial risks. One of the most important factors for assessment is the quality of management based on its past track record and feedback from market participants. In order to assess financial risk a broad assessment of the issuer’s financial statements is undertaken to review its ability to undergo stress on cash flows and asset quality.

**Business risk assessment, wherein following factors are considered:**
- Outlook for the economy (domestic and global)
- Outlook for the industry
- Company specific factors

In addition a detailed review and assessment of rating rationale is done including interactions with the company as well as agency.

Typically, we would avoid investing in securitization transaction (without specific risk mitigant strategies / additional cash/security collaterals/ guarantees) if we have concerns on the following issues regarding the originator / underlying issuer:
- High default track record/ frequent alteration of redemption conditions / covenants
- High leverage ratios - both on a standalone basis as well on a fated level/ group level. This is very important in case of single borrower loan sell down
- Higher proportion of re-schedulement of underlying assets of the pool or loan
- Higher proportion of overdue assets of the pool or the underlying loan
- Poor reputation in market
- Insufficient track record of servicing of the pool or the loan

3. Risk mitigation strategies for investments with each kind of originator

**Risk Mitigation Strategies**

Investments in securitized debt will be done based on the assessment of the originator which is carried out by the Fixed Income team based on the in-house research capabilities as well as the inputs from the independent credit rating agencies.

In order to mitigate the risk at the issuer/originator level, the Fixed Income team will consider various factors which will include:
- size and reach of the originator
- the infrastructure and follow-up mechanism
- quality of information disseminated by the issuer/originator; and
- the Credit enhancement for different type of issuer/originator
- the originator’s track record in that line of business
4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

Majority of securitized debt investments shall be in asset backed pools wherein the underlying assets could be Medium and Heavy Commercial Vehicles, Light Commercial Vehicles (LCV), Cars, and Construction Equipment, Mortgages etc.

The Fund Manager will invest in securitized debt which are rated ‘AA’ (+/- or equivalent) or above by a credit rating agency recognized by SEBI. While the risks mentioned above cannot be eliminated completely, they may be minimized by considering the diversification of the underlying assets as well as credit and liquidity enhancements.

Table 1: illustrates the framework that will be applied while evaluating investment decision relating to a pool securitization transaction:

<table>
<thead>
<tr>
<th>Characteristics/Type of Pool</th>
<th>Mortgage Loan</th>
<th>Commercial Vehicle and Construction Equipment</th>
<th>CAR</th>
<th>2 wheelers</th>
<th>Micro Finance Pools</th>
<th>Personal Loans</th>
<th>Single Sell Downs</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximate Average maturity (in Months)</td>
<td>Up to 120 months</td>
<td>Up to 60 months</td>
<td>Up to 60 months</td>
<td>Up to 60 months</td>
<td>Up to 12 months</td>
<td>Up to 36 months</td>
<td>Case by case basis</td>
<td>Any other class of securitized debt would be evaluated on a case by case basis</td>
</tr>
<tr>
<td>Collateral margin (including cash guarantees, excess interest spread, subordinate tranche)</td>
<td>In excess of 3%</td>
<td>In excess of 5%</td>
<td>In excess of 5%</td>
<td>In excess of 5%</td>
<td>In excess of 10%</td>
<td>In excess of 10%</td>
<td>Case by case basis</td>
<td></td>
</tr>
<tr>
<td>Average Loan to Value Ratio</td>
<td>95% or lower</td>
<td>100% or lower*</td>
<td>95% or lower</td>
<td>95% or lower</td>
<td>Unsecured</td>
<td>unsecured</td>
<td>Case by case basis</td>
<td></td>
</tr>
<tr>
<td>Average seasoning of the Pool</td>
<td>Minimum 3 months</td>
<td>Minimum 6 months</td>
<td>Minimum 6 months</td>
<td>Minimum 6 months</td>
<td>Minimum 1 month</td>
<td>Minimum 2 months</td>
<td>Case by case basis</td>
<td></td>
</tr>
<tr>
<td>Maximum single exposure range</td>
<td>5%</td>
<td>5%</td>
<td>1%</td>
<td>1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>Case by case basis</td>
<td></td>
</tr>
<tr>
<td>Average single exposure range %</td>
<td>&lt;5%</td>
<td>&lt;5%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>Case by case basis</td>
<td></td>
</tr>
</tbody>
</table>

Note: The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same.

In addition to the framework as per the table above, we also take into account following factors, which are analyzed to ensure diversification of risk and measures identified for less diversified investments:

- Size of the loan: The size of each loan is generally analyzed on a sample basis and an analysis of the static pool of the originator is undertaken to ensure that the same matches with the static pool characteristics. It also indicates whether there is high reliance on very small ticket size borrower which could result in delayed and expensive recoveries.
- Average original maturity of the pool: The analysis of average maturity of the pool is undertaken to evaluate whether the tenor of the loans are generally in line with the average loans in the respective industry and repayment capacity of the borrower.
- Default rate distribution: The Fixed Income team generally ensures that all the contracts in the pool are current to ensure zero default rate distribution.
- Geographical Distribution: The analysis of geographical distribution of the pool is undertaken to ensure prevention of concentration risk.
- Risk Tranching: Typically, we avoid investing in Securitized debt in the form of sub ordinate tranche, without specific risk mitigant strategies / additional cash / security collaterals/ guarantees, etc.
- Credit enhancement facility - credit enhancement facilities in the form of cash collateral, such as fixed deposits, bank guarantee etc. could be obtained as a risk mitigation measure.
- Liquid facility - these parameters will be evaluated based on the asset class as mentioned in the table above
- Structure of the pool of underlying assets - The structure of the pool of underlying assets would be either single asset class or combination of various asset classes as mentioned in the table above. We could add new asset class depending upon the securitization structure and changes in market acceptability of asset classes.

Investment in the Single Loan Securitization would be done based on the assessment of credit risk associated with the underlying borrower as well as the originator. The Fixed Income team will adhere internal credit process and perform a detailed review of the underlying borrower prior to making investments.

5. Minimum retention period of the debt by originator prior to securitization

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the “true sale” criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenor of the securitization transaction. The Fund will invest in securitized debt that are compliant with the laws and regulations.
6. Minimum retention percentage by originator of debts to be securitized

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the “true sale” criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenor and structure of the securitization transaction. The Fund will invest in securitized debt that are compliant with the laws and regulations.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund

An investment by the scheme in any security is done after detailed analysis by the Fixed Income team and in accordance with the investment objectives and the asset allocation pattern of a scheme. All investments are made on an arm’s length basis without consideration of any investments (existing/potential) in the schemes made by any party related/involved in the transaction. The robust credit process ensures that there is no conflict of interests when a scheme invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have long term surplus to invest in mutual fund scheme.

Furthermore, there is clear cut segregation of duties and responsibilities with respect to Investment function and Sales function. Investment decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis a vis their investment objectives.

8. The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

The risk assessment process for securitized debt, as detailed in the preceding paragraphs, is same as any other credit. The investments in securitized debt are done after appropriate research by credit analyst. The ratings are monitored for any movement.

The resources for and mechanisms of individual risk assessment with the AMC for monitoring investment in securitized debt are as follows:

- Fixed Income Team - Risk assessment and monitoring of investment in Securitized Debt is done by credit team.
- Ratings are monitored for any movement - Based on the cash-flow report and analyst view, periodic review of utilization of credit enhancement shall be conducted and ratings shall be monitored accordingly.
- Wherever the schemes portfolio is disclosed, the AMC may give a comprehensive disclosure of Securitised debt instruments held in line with SEBI requirement.

Note: The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same.

Securities Lending by the Mutual Fund


Securities Lending means the lending of securities to SEBI approved intermediaries for a tenure of 1 to 12 months at a negotiated compensation in order to enhance returns of the scheme portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period. The AMC will adhere to the following strict internal limits should it engage in Securities Lending.

Not more than 25% of the net assets of the respective scheme can generally be deployed in securities lending and not more than 5% of the respective scheme can be can be deployed in securities lending to any single counterparty. Collateral would always be obtained by the approved intermediary. Collateral value would always be more than the value of the security lent. Collateral can be in form of cash, bank guarantee, and government securities, as may be agreed upon with the approved intermediary, and would also be subject to a mark to market valuation on a daily basis.

Example:

A fund has a Non-Convertible Debenture (NCD) of a company which it would wish to hold for a long period of time as a core holding in the portfolio as per the fund manager’s plan. In that case the investors would be benefitted only to the extent of the rise in the value of the NCD, from time to time if any, on the exchange. If the fund is enabled to lend the said security to a borrower who would be wanting to take advantage of the market fluctuations in its price, the borrower would return the security to the lender (scheme) at a stipulated time or on demand for a negotiated compensation. The fund’s unitholders can enhance their returns to the extent of the compensation it will earn for lending the same. An adequate security or collateral will have to be maintained by the intermediary. This should always be higher than the cost of the security. Thus it is in the interest of the investors that returns can be enhanced by way of Securities lending rather than hold the security only for capital appreciation potential.

Thus the scenario under which the fund would participate in Securities lending would be:

1. There is a holding of security e.g. 5000 units of NCD’s of XYZ Ltd in the fund which the fund manager wants to be the core holding of the scheme for approximately 6 to 12 months.
2. There is a borrower (not a mutual fund) for the security, (who has taken a short position in the market and needs XYZ Ltd NCD to settle it) who is willing to put up a proper collateral for the same (in all cases higher than the price of the script).

3. The borrower is represented by a proper recognized intermediary.

4. The agreement is to return the security or the amount so negotiated at a particular period of time or on demand.

Then the security will be lent by the fund and the unitholders would benefit from the additional compensation earned for lending, apart from the capital appreciation which also happens in that stock. Thus, to summarize, securities lending would be done by the scheme only in the following circumstances:

a) If permitted by trustees and the extent SEBI regulations in that regard, from time to time.

b) If such activity generates additional returns for the scheme and helps to enhance the scheme returns.

c) If considering the above, and other factors all considered in totality, such activity is in the interest of unitholders in the scheme.

Securities Lending Risks

It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as that diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honor its commitments. This, along with a simultaneous fall in value of collateral would render potential loss to the Scheme. Besides, there is also be temporary illiquidity of the securities that are lent out and the scheme will not be able to sell such lent out securities until they are returned.

As with other modes of extensions of credit, 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 entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary.

Interest Rate Risk

As with debt instruments, changes in interest rate may affect the Scheme’s net asset value. Generally, the prices of instruments increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities fluctuate more in response to such interest rate changes than short-term securities. Indian debt and government securities markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

Credit Risk

Credit risk or Default risk refers to the risk that an issuer of a fixed income security may default (i.e. the issuer will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of fixed income securities will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

Reinvestment Risk

This refers to the difference in the interest rate levels at which cash flows received from the securities in the schemes are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows are reinvested may be lower than that originally assumed.

Investor Protection

Excessive trading into and out of the scheme may affect its performance by disrupting portfolio management strategies and by increasing expenses. The Fund and the distributors may refuse to accept applications for Purchase, especially where transactions are deemed disruptive, particularly from market timers or investors who, in their option, have a pattern of short term or excessive trading or whose trading has been or may be disruptive for the Scheme.

If in the opinion of the AMC, a Unitholder is indulging in short term or excessive trading as above, it shall, under powers delegated by the Trustee, have absolute discretion to reject any application, prevent further transaction by the unitholder.

Risk associated with Transaction in Units through Stock Exchange

In respect of transactions in Units of the Scheme through NSE and/or BSE or any other recognized stock exchange, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by NSE, BSE or such other exchange and their respective clearing corporations on which the Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by NSE, BSE or such other recognized exchange in this regard.

Risks associated with Derivatives

- Derivative products are leverage instruments and can provide disproportionate gains as well as disproportionate losses to the investors. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involved uncertainty and decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.

- Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative add to the portfolio and the ability to forecast price of securities being hedged and interest rate movements correctly.
Risks associated with investing in Securities Segment and Tri-party Repo trade settlement:

The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.

Risk associated with investing in Repo in 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 counter party risk.
- The Scheme 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 and 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 and 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).

Risks associated with Segregated Portfolio

Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer.

Security comprises of segregated portfolio may not realise any value.

Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

Credit Evaluation Process for the investments in Debt Securities

In-house credit evaluation team has the necessary capability of conducting independent due diligences of credit risk. From credit evaluation perspective, companies are broadly classified under two sectors - Industrials and Financial Institutions. Industrials include Manufacturing and trading companies, while Financial Institutions include Banks and Non-Banking Financial Companies (NBFCs). The set of parameters for evaluation of credits for these sectors are different.

Broad guidelines for the appraisal of Industrials for short-term and long-term exposure include, but are not restricted to:

- External Ratings threshold: Investment is made only if the issuer credit rating is at least ‘investment grade’ (BBB- or above) for Long-term debt by a credit rating agency recognized by SEBI. In the short-term, investment is made in top notch (A1+ or equivalent) rated debt instruments. However this is subject to review from time to time and investment committee / Board of AMC approval is required for any exception.
- Each company is internally appraised based on various parameters including, but not restricted to:
  o Business Fundamentals: Product/Service offerings, Market Position, Competitive Landscape, and Product cycle etc.
  o Regulatory environment: Support/intervention, developmental stage of industry, level of regulation
  o Financial Analysis: Margins, Profitability, Leverage, Working Capital requirement and cycle, Cash-flows etc. This is also seen in light of historic trend
  o Management Track Record: Management track record, performance of company through economic cycle, promoters’ background, other group companies.
  o Macro-Economic Environment: Economic cycle, Credit cycle

In the short-term, the focus is more on the working capital cycle, near-term cash-flows and existing business position, while in the long-term the focus is more on the outlook of the business, capital expenditure program, profitability etc.

The credit evaluation policy is subject to review from time to time. Any material change in the credit evaluation policy will be updated by way of an addendum to the scheme information document.

The asset allocation among the various debt securities will be decided based upon the prevailing market conditions, macroeconomic environment and the performance of corporate sector, the debt market and other considerations.
Risk mitigation measure for debt & related investments:

<table>
<thead>
<tr>
<th>Type of Risk</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity Risk</td>
<td>• Focus on good quality paper at the time of portfolio construction</td>
</tr>
<tr>
<td></td>
<td>• Portfolio exposure spread over various maturity buckets to in line with expected outflow</td>
</tr>
<tr>
<td></td>
<td>• Use of exit load to restrict redemption in short period</td>
</tr>
<tr>
<td></td>
<td>• Maintenance of certain amount of liquidity to meet unexpected redemption.</td>
</tr>
<tr>
<td></td>
<td>• Borrowing arrangement with Banks to meet unexpected high redemption.</td>
</tr>
<tr>
<td>Credit Risk</td>
<td>• Government dated securities with near zero default risk</td>
</tr>
<tr>
<td></td>
<td><strong>For money market instruments</strong></td>
</tr>
<tr>
<td></td>
<td>• In house dedicated team for credit appraisal</td>
</tr>
<tr>
<td></td>
<td>• Issuer wise exposure limit</td>
</tr>
<tr>
<td>Interest Rate Risk</td>
<td>• Close watch on the market events</td>
</tr>
<tr>
<td></td>
<td>• Active duration management</td>
</tr>
<tr>
<td></td>
<td>• Cap on Average Portfolio maturity depending upon the scheme objective and strategy</td>
</tr>
<tr>
<td></td>
<td>• Portfolio exposure spread over various maturities</td>
</tr>
<tr>
<td>Regulatory Risk</td>
<td>Online monitoring of various exposure limits by the Front Office System Also as a backup, manual control are also implemented.</td>
</tr>
</tbody>
</table>

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. The two conditions mentioned above shall be complied with on a calendar quarter basis, on an average basis, as specified by SEBI. If there is a breach of the 25% 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. However, in case the Scheme does not have a minimum of 20 investors, on an average basis, in the stipulated period (i.e. during the concerned calendar quarter), the provisions of Regulation 39(2) (c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV.

The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

Investors are urged to study the terms of the SID carefully before investing in this Scheme, and to retain this SID for future reference. The Mutual Fund may disclose details of the investor’s account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.

Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the unit holder the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units.

Tax Consequences

Redemption by the unitholders due to change in the fundamental attribute (if any, in future) of the scheme(s) or due to any other reason may entail tax consequences for which the Trustees, AMC, Fund their Directors / employees shall not be liable.

Disclosure / Disclaimer

To the best of the knowledge and belief of the Directors of the Trustee Company, information contained in this SID is in accordance with the SEBI Regulations and facts and does not omit anything likely to have a material impact on the importance of such information.

Neither this SID nor the Units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID are required to inform themselves about, and to observe, any such restrictions. No persons receiving a copy of this SID or any accompanying application form in any such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could be used without compliance with any registration or other legal requirements. Accordingly, this SID does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this SID and any persons wishing to apply for Units pursuant to this SID to inform themselves of, and to observe, all applicable laws and Regulations of such relevant jurisdiction.
Prospective investors should review / study this SID carefully and in its entirety and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch, redemption or conversion into money) of Units within their jurisdiction of nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift Units are subject, and (also) to determine possible legal, tax, financial or other consequences of subscribing / gifting to, purchasing or holding Units before making an application for Units.

No person has been authorized to give any information or to make any representations not confirmed in this SID in connection with the New fund offer / Subsequent Offer of Units, and any information or representations not contained herein must not be relied upon as having been authorized by the Mutual Fund or the Asset Management Company or the Trustee Company. Statements made in this SID are based on the law and practice currently in force in India and are subject to change therein. Neither the delivery of this SID nor any sale made hereunder shall, under any circumstances, create any impression that the information herein continues to remain true and is correct as of any time subsequent to the date hereof.

Notwithstanding anything contained in the SID the provisions of SEBI (Mutual Funds) Regulations 1996 and guidelines there under shall be applicable. The Trustee Company would be required to adopt / follow any regulatory changes by SEBI / RBI etc and/or all circulars / guidelines received from AMFI from time to time if and from the date as applicable. The Trustee Company in such a case would be obliged to modify / alter any provisions / terms of the SID during / after the launch of the scheme by following the prescribed procedures in this regard.

**Other Business Activities of AMC:**

At present, apart from managing the schemes of Tata Mutual Fund, Tata Asset Management is:

- Providing Portfolio Management Services under SEBI (Portfolio Managers) Regulations, 1993.
- Appointed as Manager of Tata Alternative Investment Fund set up under SEBI (Alternative Investment Funds) Regulations 2012.
- Tata Asset Management (Mauritius) Private Limited, subsidiary of Tata Asset Management Limited, is registered with SEBI as Foreign Institutional Investors (deemed Foreign Portfolio Investor).
- Has received no objection for providing investment advisory services to Offshore Funds/Clents.
- Investment Management services to off shore funds/clients (FPI).

The AMC has systems in place to ensure that there is no conflict of interest between the aforesaid activities. This includes:

- Segregation of bank and securities account
- Maintained Capital adequacy for different activities as mandated by SEBI
- Segregation of key investment personnel and order management system wherever mandated under the regulations
- Restriction on transfer of securities in certain circumstances

All other business activities mentioned above will be explicitly forbidden from the acquisition of any asset out of the assets of the mutual fund scheme which involves the assumption of any liability which is unlimited or shall not result in encumbrance of the assets of the mutual fund scheme in any way and also should not affect the net worth requirements of Tata Asset Management Limited for mutual fund operation.

### D. DEFINITIONS & ABBREVIATION:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>1.</strong></td>
<td><strong>“Business Day”</strong></td>
</tr>
<tr>
<td></td>
<td>A day other than</td>
</tr>
<tr>
<td></td>
<td>• Saturday and Sunday</td>
</tr>
<tr>
<td></td>
<td>• a day on which the Banks in Mumbai and/or RBI are closed for business/clearing</td>
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<tr>
<td></td>
<td>• a day on which sale and repurchase of units is suspended by the AMC</td>
</tr>
<tr>
<td></td>
<td>• a day on which normal business could not be transacted due to storms, floods, bandhs, strikes etc.</td>
</tr>
<tr>
<td></td>
<td>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres. In such circumstances notice will be uploaded on the AMC website i.e <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a>.</td>
</tr>
<tr>
<td><strong>2.</strong></td>
<td><strong>“Business Hours”</strong></td>
</tr>
<tr>
<td></td>
<td>Business hours are from 10.00 A.M. to 3.00 P.M. on any Business Day.</td>
</tr>
<tr>
<td><strong>3.</strong></td>
<td><strong>“BSE” / “NSE”</strong></td>
</tr>
<tr>
<td></td>
<td>Bombay Stock Exchange Limited / National Stock Exchange of India Limited.</td>
</tr>
<tr>
<td><strong>4.</strong></td>
<td><strong>“Calendar Year”</strong></td>
</tr>
<tr>
<td></td>
<td>A Calendar Year shall be 12 full English Calendar months commencing from 1st January and ending on 31st December.</td>
</tr>
<tr>
<td><strong>5.</strong></td>
<td><strong>“Custodian”</strong></td>
</tr>
<tr>
<td></td>
<td>Standard Chartered Bank</td>
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<tr>
<td><strong>6.</strong></td>
<td><strong>“Day”</strong></td>
</tr>
<tr>
<td></td>
<td>Any day as per English Calendar viz. 365 days in a year.</td>
</tr>
<tr>
<td><strong>7.</strong></td>
<td><strong>“Entry Load”</strong></td>
</tr>
<tr>
<td></td>
<td>Amount that is paid by the investors at the time of entry / subscription into the scheme.</td>
</tr>
<tr>
<td><strong>8.</strong></td>
<td><strong>“Exit Load”</strong></td>
</tr>
<tr>
<td></td>
<td>Amount that is paid by the investors at the time of exit / redemption from the scheme.</td>
</tr>
<tr>
<td><strong>9.</strong></td>
<td><strong>“Financial Year”</strong></td>
</tr>
<tr>
<td></td>
<td>A Financial Year shall be 12 full English Calendar months commencing from 1st April and ending on 31st March.</td>
</tr>
<tr>
<td><strong>10.</strong></td>
<td><strong>“Group”</strong></td>
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<tr>
<td></td>
<td>As defined in sub-clause (ef) of clause 2 of MRTP Act, 1969.</td>
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</tr>
<tr>
<td>11.</td>
<td>&quot;IMA&quot;</td>
</tr>
<tr>
<td>12.</td>
<td>&quot;Investor&quot;</td>
</tr>
<tr>
<td>13.</td>
<td>&quot;Net Asset Value&quot; or &quot;NAV&quot;</td>
</tr>
<tr>
<td>14.</td>
<td>&quot;Net Assets&quot;</td>
</tr>
<tr>
<td>15.</td>
<td>&quot;Non-Resident Indian&quot;/ NR</td>
</tr>
<tr>
<td>16.</td>
<td>&quot;Permissible Investments&quot;</td>
</tr>
<tr>
<td>17.</td>
<td>&quot;Portfolio&quot;</td>
</tr>
<tr>
<td>18.</td>
<td>&quot;Regulations&quot;</td>
</tr>
<tr>
<td>19.</td>
<td>&quot;Resident&quot;</td>
</tr>
<tr>
<td>20.</td>
<td>&quot;Scheme&quot;</td>
</tr>
<tr>
<td>22.</td>
<td>&quot;SEBI Regulations&quot;</td>
</tr>
<tr>
<td>23.</td>
<td>&quot;SID&quot;</td>
</tr>
<tr>
<td>24.</td>
<td>&quot;SAI&quot;</td>
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<tr>
<td>25.</td>
<td>&quot;SIP&quot;</td>
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<tr>
<td>26.</td>
<td>&quot;SWP&quot;</td>
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<tr>
<td>27.</td>
<td>&quot;STP&quot;</td>
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<td>28.</td>
<td>&quot;TAML&quot;</td>
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<tr>
<td>29.</td>
<td>&quot;TICL&quot;</td>
</tr>
<tr>
<td>30.</td>
<td>&quot;TMF&quot; or &quot;Fund&quot;</td>
</tr>
<tr>
<td>31.</td>
<td>&quot;Total Assets&quot;</td>
</tr>
</tbody>
</table>
E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

The following Due Diligence Certificate has been submitted to SEBI:

It is confirmed that:

(i) the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) all legal requirements connected with the running 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 Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the scheme.

(iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For Tata Asset Management Limited

Place: Mumbai
Date: 18.05.2020
II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

An open ended short term debt scheme investing in instruments such that the Macaulay duration of portfolio is between 1 year and 3 years.

B. INVESTMENT OBJECTIVE OF THE SCHEME

The investment objective is to generate regular income/appreciation over a short term period.

There can be no assurance that the investment objective of the Scheme will be realised.

C. ASSET ALLOCATION AND RISK PROFILE

Under normal circumstances, funds of the Scheme, shall (after providing for all ongoing expenses) be invested / the indicative asset allocation shall be as follows considering the objective of the Scheme:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (% of net assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Debt &amp; Money Market Instruments.</td>
<td>0%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Under normal circumstance, portfolio of the scheme will have Macaulay Duration between 1 year to 3 years. (refer note below for Macaulay Duration)

Notes:

i) In absence of specific maturity date, next call date of Perpetual Debt Instrument (PDI) shall be considered for calculation of Yield to Maturity (YTM) and Macaulay Duration of the scheme portfolio.

ii) For securities with put and call date, next put/call date shall be considered for calculation of Yield to Maturity (YTM) and Macaulay Duration of the scheme portfolio.

iii) For securities with only call date, next call date shall be considered for calculation of Yield to Maturity (YTM) and Macaulay Duration of the scheme portfolio.

iv) For securities with only put date, next put date shall be considered for calculation of Yield to Maturity (YTM) and Macaulay Duration of the scheme portfolio.

The scheme will also invest in the following instruments, subject to the following restrictions:

<table>
<thead>
<tr>
<th>Maximum Exposure to Domestic Securitised Debt (as % of Net Assets of the Scheme)</th>
<th>Net Derivative Exposure (as % of Net Assets of the Scheme)</th>
<th>Securities Lending</th>
<th>Securities Lending Maximum Exposure to Single Intermediary</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>50%</td>
<td>25%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The AMC may from time to time for a short term period on defensive consideration invest upto 100% of the funds available in Money Market Instruments, the primary motive being to protect the Net Asset Value of the Scheme and protect unitholders interests so also to earn reasonable returns on liquid funds maintained for redemption/repurchase of units.

The AMC may in case of credit event create the segregated portfolio (subject to guild line specified by SEBI).

The Trustee Company may from time to time, for a short term period on defensive consideration, modify / alter the investment pattern / asset allocation, the intent being to protect the Net Asset Value of the Scheme and Unit holders interests, without seeking consent of the unitholders.

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.
Note on Macaulay Duration

In 1938, economist Frederick Macaulay suggested duration as a way of determining the price volatility of bonds.

Duration is defined as the average time it takes to receive all the cash flows of a bond, weighted by the present value of each of the cash flows. Essentially, it is the payment-weighted point in time at which an investor can expect to recoup his or her original investment.

Illustration of Macaulay Duration Calculation:

Suppose there is 5 years Bond of 10% coupon paid annually with a maturity face value of Rs. 1000/- issued at par value of Rs. 1000/-. Accordingly;

Annual Coupon payment = Rs.100/-; No. of years = 5 years; Maturity value = Rs.1000/-

Calculation of Macaulay Duration:

<table>
<thead>
<tr>
<th>Period</th>
<th>Cash flow (Rs.)</th>
<th>Present Value of Cash Flow (B discounted @10%)</th>
<th>Period multiplied by Cash flow (A x C)</th>
<th>Weighted Average Duration (D / Total sum of C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100</td>
<td>90.91</td>
<td>90.91</td>
<td>0.09</td>
</tr>
<tr>
<td>2</td>
<td>100</td>
<td>82.64</td>
<td>165.29</td>
<td>0.17</td>
</tr>
<tr>
<td>3</td>
<td>100</td>
<td>75.13</td>
<td>225.39</td>
<td>0.23</td>
</tr>
<tr>
<td>4</td>
<td>100</td>
<td>68.30</td>
<td>273.21</td>
<td>0.27</td>
</tr>
<tr>
<td>5</td>
<td>1100</td>
<td>683.01</td>
<td>3,415.07</td>
<td>3.42</td>
</tr>
<tr>
<td>Total</td>
<td>1,000.00</td>
<td>4,169.87</td>
<td></td>
<td>4.17</td>
</tr>
</tbody>
</table>

As per above calculation Macaulay Duration is 4.17 years which implies that at 4.17 years the sum of cash flows received will be equal to cash outflow at the time of purchasing the Bond which in this case is Rs. 1,000/-

Change in Investment Pattern

Investment strategy and pattern may be deviated from time to time, provided such modification is in accordance with the Scheme(s) objective and Regulations as amended from time to time, the intent being to protect the Net Asset Value of the scheme and unitholders’ interests. In case of deviation (for initial investment after allotment and subsequent deviation), the AMC will achieve a normal asset allocation pattern in a maximum period of three months. In case deviation in investment pattern in not rebalanced within the period indicated above then justification for such delay in rebalancing of portfolio shall be placed before the investment committee and the reasons for the same shall be recorded in writing.

How the scheme is different from other existing similar schemes of Tata Mutual Fund:

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Comparison with existing schemes of Tata Mutual Fund</th>
<th>AUM as on 30th April, 2020 (Rs. Crore)</th>
<th>No of Folios as on 30th April 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Treasury Advantage Fund</td>
<td>An open ended low duration debt scheme investing in instruments such that the Macaulay duration of portfolio is between 6 months and 12 months. The investment strategy of the scheme is to generate regular income and capital appreciation by investing in a portfolio of debt and money market instruments with relatively lower interest rate risk. <strong>At present we do not have other similar scheme.</strong></td>
<td>530.61</td>
<td>14780</td>
</tr>
<tr>
<td>Tata Short Term Bond Fund</td>
<td>An open ended short term debt scheme investing in instruments such that the Macaulay duration of portfolio is between 1 year and 3 years. The investment objective is to generate regular income/appreciation over a short term period. <strong>At present we do not have other similar scheme.</strong></td>
<td>2281.84</td>
<td>14750</td>
</tr>
<tr>
<td>Tata Income Fund</td>
<td>An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 year and 7 years. The investment objective of the Scheme is to provide income distribution/capital appreciation over medium to long term. <strong>At present we do not have other similar scheme.</strong></td>
<td>58.26</td>
<td>2704</td>
</tr>
<tr>
<td>Tata Medium Term Fund</td>
<td>An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years and 4 years. The investment objective of the scheme is to generate income and capital appreciation over a medium term. <strong>At present we do not have other similar scheme.</strong></td>
<td>50.15</td>
<td>1526</td>
</tr>
<tr>
<td>Tata Dynamic Bond Fund</td>
<td>An open ended dynamic debt scheme investing across duration. The investment objective of the Scheme is to provide reasonable returns &amp; high level of liquidity by investing in debt instruments including bonds, debentures &amp; Government securities, &amp; money market instruments such as treasury bills, commercial papers, certificates of deposit, repos of different maturities &amp; as permitted by regulation so as to spread the risk across different kinds of issuers in the debt markets. As per the investment strategy scheme can dynamically switch the maturity profile from long to short &amp; vice versa in short period of time. <strong>At present we do not have other similar scheme.</strong></td>
<td>270.40</td>
<td>3035</td>
</tr>
</tbody>
</table>
### Overview of Debt Market:

The major players in the Indian Debt Markets are banks, financial institutions, insurance companies and mutual funds. The instruments in the market can be broadly categorized as those issued by corporate, banks, financial institutions and those issued by state/central governments. The risk associated with any investments are – credit risk, interest rate risks and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities are perceived to have zero credit risk. Interest rate risk is present in all debt securities and depends on a variety of macroeconomic factors. The liquidity risk in corporate securities market is higher compared to those of government securities. The liquidity risk in corporate securities market is higher compared to those of government securities. Liquidity in the corporate debt market has been improving due to the entry of more players and due to various measures taken by the regulators to increase the liquidity and transparency such as introduction of repo in corporate bonds, Credit Default Swaps, compulsory reporting of secondary market OTC transactions on exchange platforms to name a few. Moreover, the recent successful introduction of Interest Rate Future in the benchmark 10 year Government Bond will also likely to increase the depth in the debt market.

The market participants in the corporate debt and gilt markets are banks, financial institutions, mutual funds, corporates, insurance companies, FIIs, primary dealers and provident funds. The main debt instruments in the market are those issued by Corporates and State/Central Governments. Corporate papers carry credit risk while government securities are believed to carry no credit risk. The main risks with investments in debt securities are interest rate risk, credit risk and liquidity risk. Interest rate risk associated with debt instruments depend on the macroeconomic environment. It includes both market price changes due to change in yields as well as coupon reinvestment risk. Corporate papers carry higher liquidity risk as compared to gilts due to the depth of the gilt market.

### Money Market:

Money market encompasses a wide range of instruments with maturities ranging from one day to a year, issued by Government, Banks and corporates etc and traded in markets of varying liquidity. The risk associated with any investments are – credit risk, interest rate risk and liquidity risk. However, such risks are lower in case of money market instruments compared to other debt instruments. Further, within the gamut of money market instruments as available in the market, such risks are very low in case of instruments issued by government. While corporate papers carry credit risk due to changing business conditions, government securities are perceived to have zero credit risk.

The following table attempts to give a broad overview of the available instruments in the financial markets and their risk return profile. The data given in the table is based on market conditions around the date of the Offer document and can at best be considered indicative.
### Expected Yields on Debt Securities (as on 28.04.2020)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Instruments</th>
<th>Maturity</th>
<th>Yields (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOI</td>
<td>T-Bill</td>
<td>91 days</td>
<td>3.65</td>
</tr>
<tr>
<td>GOI</td>
<td>T-Bill</td>
<td>364 days</td>
<td>3.75</td>
</tr>
<tr>
<td>GOI</td>
<td>Short dated</td>
<td>1-3 yrs</td>
<td>4.66</td>
</tr>
<tr>
<td>GOI</td>
<td>Long dated</td>
<td>3-5 yrs</td>
<td>5.74</td>
</tr>
<tr>
<td>Corporate</td>
<td>AAA</td>
<td>1-3 yrs</td>
<td>6.33</td>
</tr>
<tr>
<td>Corporate</td>
<td>AAA</td>
<td>3-5 yrs</td>
<td>6.82</td>
</tr>
<tr>
<td>Corporate</td>
<td>AA</td>
<td>1-3 yrs</td>
<td>7.04</td>
</tr>
<tr>
<td>Corporate</td>
<td>AA</td>
<td>3-5 yrs</td>
<td>7.42</td>
</tr>
<tr>
<td>Corporate</td>
<td>CP</td>
<td>3 months</td>
<td>5.25</td>
</tr>
<tr>
<td>Corporate</td>
<td>CP</td>
<td>1 year</td>
<td>6.40</td>
</tr>
<tr>
<td>Banks</td>
<td>CD</td>
<td>3 months</td>
<td>4.40</td>
</tr>
<tr>
<td>Banks</td>
<td>CD</td>
<td>1 year</td>
<td>5.40</td>
</tr>
<tr>
<td>Repo</td>
<td></td>
<td>1-3 days</td>
<td>2.85-2.90</td>
</tr>
</tbody>
</table>

**D. WHERE WILL THE SCHEME INVEST**

The Scheme will invest in the following instruments:

- Money Market Instruments like Commercial Paper, Certificate of Deposit, Reverse Repo in Government Securities, short term Deposit, Treasury Bills and short term debt instruments etc. issued by various Corporates, Government - State or Central, Public Sector Undertakings
- Non-convertible portion of Convertible Debentures (Khokas), Non-Convertible Debentures
- Securitised Debt (asset backed securities excluding mortgage backed securities), Secured Premium Notes
- Zero Interest Bonds, Deep Discount Bonds, Floating Rate Bonds/Notes
- Government Securities
- Derivative instruments like interest rate swaps, forward rate agreement, interest rate futures and such other derivative instruments as permitted by SEBI / RBI from time to time.
- Repo in Corporate Debt Securities
- Pending deployment of funds as per investment objective of the scheme, the funds may be parked in short term deposit of the schedule commercial banks, subject to SEBI circular no. SEBI/IMD/Cir.No. 1/91171/07 dated April 16, 2007 and other relevant circulars issued in this respect.
- Any other like instruments as may be permitted by RBI/SEBI from time to time.

The weightages of debentures and Money Market Instruments may be changed depending on market conditions by AMC. However, the Scheme is not a Money Market Mutual Fund Scheme. The main aim of changing the weightages of debentures and Money Market Instruments will be to protect the interests of the unitholders and for short term defensive considerations.

The scheme may participate in repo in corporate debt securities subject to guidelines specified by RBI and 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 debt and derivatives shall not exceed 100% of the net assets of the Scheme.
- The Scheme will participate in repo transactions only in AA and above rated corporate debt securities.
- The Scheme may borrow through repo transactions (for redemption/dividend payout) only if the tenor of the transaction does not exceed a period of six months and aggregate borrowing is not more than 20% of net assets of the Scheme.
- Credit exposure will be on the counterparty and not on the collateral securities in case of corporate bond repo. Issuer and counterparty limits will be based on approved credit universe.

The scheme 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 and 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.
On occasions, if deemed appropriate, the Scheme will invest in securities sold directly by the issuer, or acquired in a negotiated transaction. The moneys collected under this Scheme shall be invested only in transferable securities in the money market or in the capital / debt market or in privately placed debentures or securitised debts or in Government securities. Please refer to the Clause “on “Liquidity & Settlement Risks” under specific Risk Factors to understand the liquidity risk associated with debt securities.

The investment policies are in conformity with the provisions of various constitutional documents viz. MOA/ AOA of the TAML/Trustee Company, IMA and the Trust Deed.

E. THE INVESTMENT STRATEGIES

The Scheme would invest in companies based on various criteria including sound professional management, track record, industry scenario, growth prospectus, liquidity of the securities, etc. The Scheme will emphasise on well managed, good quality companies with above average growth prospectus whose securities can be purchased at a good yield and whose debt securities are concerned investments (wherever possible) will be mainly in securities listed as investments grade by a recognized authority like The Credit Rating and Information Services of India Limited (CRISIL), ICRA Limited (formerly, Investment Information and Credit Rating Agency of India Limited), Credit Analysis and Research Limited (CARE) etc.

In case of investments in debt instruments that are not rated, specific approval of the Board will be taken except in case of Government Securities being sovereign bonds. However, in case of investment in unrated securities prior board approval is not necessary if investment in within the parameters as stipulated by the board.

Trading in Derivatives

The scheme may enter into derivative transactions in accordance with the guidelines issued by the SEBI. The net derivative exposure shall not exceed the limit specified in the section C – “Asset Allocation and Risk Profile”

A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc.

The scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements/Interest Rate Futures, Interest Rate Options or such other derivative instruments as may be introduced from time to time and as may be permitted under the SEBI (Mutual Fund) Regulations.

Debt Derivatives


The cumulative gross exposure through debt and derivative positions should not exceed 100% of the net assets of the scheme.

For other option contracts, the total exposure related to option premium paid will not exceed 20% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Exposure due to hedging positions shall not be included in the above mentioned limits subject to the following:

1. Hedging positions are the derivatives positions that reduce possible losses on an existing position in securities and till existing position remains.
2. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall have to be added and treated under the limits mentioned above.
3. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
4. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

Mutual funds are allowed to hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

\[
\text{Exposure due to derivative positions for hedging purposes = } \frac{(\text{Portfolio Modified Duration} \times \text{Market Value of the Portfolio})}{(\text{Futures Modified Duration} \times \text{Futures Price/PAR})}
\]

The Mutual Fund may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions shall be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases shall not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions shall not exceed 10% of the net assets of the scheme.

Definition of Exposure in case of Derivative Positions

Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Future</td>
<td>Futures Price<em>Lot Size</em>Number of Contracts</td>
</tr>
<tr>
<td>Short Future</td>
<td>Futures Price<em>Lot Size</em> Number of Contracts</td>
</tr>
<tr>
<td>Option Bought</td>
<td>Option Premium Paid<em>Lot Size</em> Number of Contracts</td>
</tr>
</tbody>
</table>
Derivative Instruments & Related Examples:

The scheme may use fixed income derivative instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time and as may be permitted under the SEBI (Mutual Fund) Regulations.

**Interest Rate Swaps (IRS):** An Interest Rate Swap is an agreement whereby two parties agree to exchange periodic interest payments. The amount of interest payments exchanged is based on some predetermined principal, called notional principal amount. The amount each counterparty pays to the other upon periodic interest rate multiplied by the notional principal amount. The only amount that is exchanged between the parties is the interest payment, not the notional principal amount.

**Example: Use of IRS**

The Plans of the fund are reasonably invested, and the view of the fund manager is interest rates are expected to move up due to certain negative events which have occurred. In such cases the plans can enter into a paid position (IRS) where the plans will pay a fixed rate for a specified maturity and receive the floating rate of interest. This is illustrated below:

**Example A: Use of IRS**

Assuming the Scheme is having 10% of the portfolio in cash. The fund manager has a view that the interest rate scenario is bearish and call rates are likely to spurt over the next three months. The fund manager would therefore prefer to pay fixed rate of return on his cash, which he is lending in the overnight call market. In other words, he would like to move to a 91 days floating interest rate from overnight fixed rate.

1. Say Notional Amount: Rs. 2 crores
2. Benchmark: NSE MIBOR
3. Tenor: 91 Days
4. Fixed Rate: 9.90%
5. At the end of 91 days;
6. The Scheme pays: fixed rates for 91 days is 9.90%
7. TMF receives: compounded call rate at 10.25% for 91 days.

In practice, however the difference of the two amounts is settled. Here the Scheme receives Rs. 2,00,00,000 x 0.35% x 91 / 365 = 17,452. The players in IRS are scheduled commercial banks, primary dealers, corporate, mutual funds and All India Financial Institutions.

In view of the fund manager interest rates are expected to move down due to certain positive events which have occurred. In such cases the scheme can enter into a received position (IRS) where the scheme will receive a fixed rate for a specified maturity and pay the floating rate of interest. This is illustrated below:

**Example B: Use of IRS**

Assuming the Scheme is having 10% of the portfolio in cash. The fund manager has a view that the interest rate scenario is soft and call rates are unlikely to spurt over the next three months. The fund manager would therefore prefer to receive a higher rate of return on his cash, which he is lending in the overnight call market. In other words, he would like to move to a 91 days fixed interest rate from overnight floating rate.

1. Say Notional Amount: Rs. 2 crores
2. Benchmark: NSE MIBOR
3. Tenor: 91 Days
4. Fixed Rate: 10.25%
5. At the end of 91 days;
6. The Scheme pays: compounded call rates for 91 days is 9.90%
7. TMF receives: Fixed rate at 10.25% for 91 days.

In practice, however the difference of the two amounts is settled. Here the Scheme receives Rs. 2,00,00,000 x 0.35% x 91 / 365 = 17,452. The players in IRS are scheduled commercial banks, primary dealers, corporate, mutual funds and All India Financial Institutions.

**Risks associated with Swaps:**

Interest rate risk is significant because interest rates do not always move as expected. Both parties have interest rate risk. The holder of the fixed rate risks the floating interest rate going higher, thereby losing interest that it would have otherwise received. The holder of the floating rate risks interest rates going lower, which results in a loss of cash flow since the fixed rate holder still has to make streams of payments to the counterparty.

The other main risk associated with swaps is counterparty risk. This is the risk that the counterparty to a swap will default and be unable to meet its obligations under the terms of the swap agreement. If the holder of the floating rate is unable to make payments under the swap agreement, the holder of the fixed rate has credit exposure to changes in the interest rate agreement. This is the risk the holder of the fixed rate was seeking to avoid.

**Forward Rate Agreements (FRA):**

This is an agreement between two counterparties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date based on the notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period.

**This is illustrated below:**

Assume that on April 1, 2020, the 30-day commercial paper (CP) rate is 7.75% and the Scheme has an investment in a CP of face value Rs. 50 crores, which is going to mature on April 30, 2020. If the interest rates are likely to remain stable or decline after April 30, 2020, and if the fund manager, who wants to re-deploy the maturity proceeds for 1 more month, does not want to take the risk of interest rates going down, he can then enter into a following forward rate agreement (FRA) say as on April 30, 2020:
He can receive 1 X 2 FRA on April 30, 2020 at 7.75% (FRA rate for 1-month lending in 2 months’ time) on the notional amount of Rs.50 crores, with a reference rate of 30 day CP benchmark. If the CP benchmark on the settlement date i.e. April 30, 2020 falls to 7.50%, then the Scheme receives the difference 7.75 - 7.50 i.e. 25 basis points on the notional amount Rs. 50 crores for 1 month. The maturity proceeds are then reinvested at say 7.50% (close to the benchmark). The scheme, however, would have locked in the rate prevailing on April 30, 2020 (7.75%) as it would have received 25 basis points more as settlement amount from FRA. Thus the fund manager can use FRA to mitigate the reinvestment risk.

In this example, if the rates move up by 25 basis points to 8% on the settlement date (April 30, 2020), the Scheme loses 25 basis points but since the reinvestment will then happen at 8%, effective returns for the Scheme is unchanged at 7.75%, which is the prevailing rate on April 30, 2020.

Risks associated with Forward Rate Contracts:
When entering into an FRA, both parties to the contract entail credit risk exposure. The additional risks could be on account of lack of opportunity, illiquidity.

Interest Rate Future (IRF)
An interest rate future is a contract (future contract) with an interest-bearing instrument as the underlying asset. Interest rate futures are used when there is an expectation of interest rate movement in adverse direction.

For example, if fund manager expects rise in interest rate. He may sell interest rate future today. If interest rates rise in the future, the value of the future will fall (as it is linked to the underlying asset, bond prices), and hence a profit can be made when closing out of the future (i.e. buying the future). However, in case interest rate falls, loss may be incurred on IRF position.

Illustration of Use of IRF (For Hedging)
A – Perfect Hedge
1) Assume a portfolio has 100 crores of Government security 7.59% GOI 2026 with face value Rs. 100/.

2) The futures on 7.59% GOI 2026, expiring on 27th October 2016 is trading on exchange at 105.10.

3) Instead of exiting the cash position, the fund manager can decide to hedge the position by selling the same quantity in futures. Since one contract of IRF has a notional of 2 lacs, in this example the fund manager sells 100 crs/2 lakhs = 5000 contracts, to hedge long position.

4) At maturity, the settlement price of the futures will be almost same as closing price of the underlying security.

At maturity of the Interest Rate Futures
Case 1: At expiry Bonds close higher than the price at which fund manager hedged the position, but below the futures price at which he hedged
Closing price of Bonds on day of maturity of futures = 105.05
Settlement price of futures = 105.05
MTM gain on the underlying bond = (105.05-105.05) * 100 crs / 100 (i.e. face value of bond) = Rs. 5,00,000
The profit on the futures leg is = 5000*2lacs *(105.10-105.05)/ 100 (i.e. face value of bond) = Rs 5,00,000
Overall profit to the fund = Rs 10,00,000

Case 2: At maturity bonds close higher than the level at which futures were sold
In case, the closing price of bonds on the day of maturity of futures = 105.20,
Settlement price of futures = 105.20
The MTM gain on underlying bond = (105.20-105.05) * 100 crs /100 (i.e. face value of bond) = Rs. 20,00,000
Loss on futures leg is = 5000*2 lacs *(105.10-105.20)/100 (i.e. face value of bond) = - Rs 10,00,000
Total Profit to the fund = Rs 10,00,000

As can be seen above, by selling the future contract instead of the underlying, the fund manager has locked in the Rs. 10, 00,000 profit and at the same time cash holding position will be hedged against the adverse market movements.

Portfolio Turnover
“Portfolio Turnover” is the term used by any Mutual Fund for measuring the amount of trading that occurs in a Scheme’s portfolio during the given period. The scheme is an open ended scheme. It is expected that there would be a number of subscriptions and repurchase on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely annual turnover in the portfolio. However, a high turnover would not significantly affect the brokerage and transaction costs.

The Fund will endeavor to balance the increased cost on account of higher portfolio turnover with the benefits derived thereof. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrate opportunities that exist for scrips / securities held in the portfolio rather than an indication of a change in Fund view on a scrip, etc.

Portfolio Turnover Ratio: 2.86 Times as on 30th April 2020 (for 13 Months).

F. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (Mutual Funds) Regulations, 1996:

(i) Type of a scheme
An open ended short term debt scheme investing in instruments such that the Macaulay duration of portfolio is between 1 year and 3 years.
(ii) Investment Objective

The investment objective is to create a liquid portfolio of debt as well as Money Market Instruments so as to provide reasonable returns and liquidity to the Unitholders.

There can be no assurance that the investment objective of the Scheme will be realised.

Investment Pattern and Risk Profile:

Refer Section C for detailed Asset Allocation & Risk Profile.

(iii) Terms of Issue

- **Liquidity:** Repurchase/ Resale is at Net Asset Value (NAV) related prices with repurchase/ resale loads as applicable (within limits) as specified under SEBI Regulations 1996, the repurchase price shall not be lower than 93% of the NAV, the sale price will not be higher than 107% of the NAV and further that the difference between the sale and repurchase price shall not exceed 7% calculated on the sale price.

- **Aggregate fees and expenses charged to the scheme –** Please refer section "IV FEES AND EXPENSES" for details.

- The scheme does not provide any safety net or guarantee nor does it provide any assurance regarding declaration of dividend. There is no guarantee or assurance that the scheme will achieve its' objective.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unitholders is carried out unless:

(i) A written communication about the proposed change is sent to each Unitholder 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

(ii) The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. SCHEME BENCHMARK

**CRISIL Short Term Bond Fund**

CRISIL Short Term Bond Fund Index seeks to track the performance of a debt portfolio that includes government securities, AAA/AA rated corporate bonds, Commercial Papers and Certificates of Deposit.

The composition of the aforesaid benchmark is such that, it is most suited for comparing performance of the respective plans. Total Return variant of the index(TRI) index will be used for performance comparison.

The Trustees may change the benchmark in future if a benchmark better suited to the investment objective of the scheme is available.

H. FUND MANAGER

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Qualification</th>
<th>Total Experience (Years)</th>
<th>Other Schemes Under his Management</th>
<th>Experience (Assignments held during last 10 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murthy Nagarajan</td>
<td>50</td>
<td>B. Com, M. Com, PGPMS, ICWA (Inter)</td>
<td>24</td>
<td>Tata Gilt Securities Fund,Tata Medium Term Fund,Tata Hybrid Equity Fund (Debt Portfolio),Tata Equity Savings Fund (Debt Portfolio),Tata Retirement Savings Fund (Debt Portfolio)-Progressive, Moderate &amp; Conservative Plan, Debt Portfolio of Tata Multi Asset Opportunities Fund.</td>
<td>Presently working with Tata Asset Management Ltd. since March 2017 as Head- Fixed Income, Reporting to Chief Executive Officer and Managing Director. October 2013 to February 2017 with Quantum Asset Management Co. Pvt. Ltd. as Head – Fixed Income, Reporting to Chief Executive Officer. February 2010 to October 2013 with Tata Asset Management Ltd. as Head -Fixed Income, Reporting to Chief Investment Officer. December 2007 to January 2010 with Mirae Asset Global Investment India Pvt. Ltd. as Head - Fixed Income, Reporting to Managing Director. August 1999 to November 2007 with Tata Asset Management Ltd. as Head -Fixed Income, Reporting to Managing Director.</td>
</tr>
</tbody>
</table>

I. Restrictions on Investments (as per seventh schedule of SEBI (Mutual Funds) Regulations 1996)

1. The scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:
Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations:
Provided further that investment within such limit can be made in mortgaged backed securitized debt which are rated not below investment grade by a credit rating agency registered with the board:

1. A mutual fund scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments: Provided that Mutual Fund Schemes may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to such conditions as may be specified by SEBI from time to time:

Provided further that mutual fund schemes shall comply with the norms under this clause within the time and in the manner as may be specified by SEBI:
Provided further that the norms for investments by mutual fund schemes in unrated debt instruments shall be specified by SEBI from time to time.

Note:

a) SEBI vide circular dt. 1st October 2019 has issued following guidelines wrt investment in unlisted debt & money market instruments
b) Mutual fund scheme may invest in unlisted non-convertible debentures (NCDs) that have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.
c) The timelines and investment limits for investment in unlisted NCDs

<table>
<thead>
<tr>
<th>Timeline (As on)</th>
<th>30/09/2020</th>
<th>31/12/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum investment in unlisted NCDs as % of the debt portfolio of the scheme</td>
<td>15% of debt portfolio</td>
<td>10% of debt portfolio</td>
</tr>
</tbody>
</table>

SEBI vide Circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019 has allowed the existing unlisted NCDs to be grandfathered till maturity, however SEBI vide circular number SEBI/HO/IMD/DF2/CIR/P/2020/75 dated 28th April 2020 clarified that the grandfathering of the identified NCDs is applicable across the mutual fund industry. Accordingly, mutual funds can transact in such identified NCDs.
d) All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed with effect from one month from the date of operationalization of framework for listing of CPs or January 01, 2020, whichever is later
e) investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following
   I. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
   II. Exposure of mutual fund schemes in such instruments, shall not exceed 5% of the net assets of the schemes.
   III. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.
f) The investment of mutual fund schemes in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:
   I. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and
   II. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.
   III. For the purpose of this provision, ‘Group’ shall have the same meaning as defined in paragraph B(3)(b) of SEBI Circular no.SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016.
   IV. Investment limits as mentioned above shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations 2008.
   V. Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

2. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if:-
   (a) such transfers are done at the prevailing market price* for quoted instruments on spot basis.
   Explanation- “spot basis” shall have same meaning as specified by stock exchange for spot transactions.
   (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
   *Note: SEBI vide circular no SEBI/HO/IMD/DF4/CIR/P/2019/102 dt. September 24, 2019 has prescribed the methodology for determination of price to be considered for inter scheme transfers.

3. 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 interscheme 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.
Provided that this clause shall not apply to any fund of funds scheme.

4. Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:
Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:
Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board."

5. Every mutual fund shall, get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long term nature.


7. No mutual fund scheme shall make any investment in:
   a) any unlisted security of an associate or group company of the sponsor; or
   b) any security issued by way of private placement by an associate or group company of the sponsor; or
   c) the listed securities of group companies of the sponsor which is in excess of 25% of the net assets of the schemes.

8 No scheme of a mutual fund shall make any investment in any fund of fund scheme.

9. The total exposure of the Scheme in a particular sector (excluding investments in Bank CDs, Tri-Party Repo, G-Secs, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions & Public Sector Banks) shall not exceed 20% of the net assets of the scheme.

   Provided that an additional exposure to financial services sector not exceeding 10% (revised)of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs):

   Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

   However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.

   Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB).

Notes
- If security/issuer is rated by two or more credit rating agencies, the investment Committee will decide the credit rating agency who’s rating to be considered for monitoring the sector exposure limit.
- In case of investment in short term securities like money market instruments or debentures/bonds upto 1 year maturity, long term rating of the issuer will be considered for monitoring the sector exposure limit.

10. Total Exposure of debt schemes of the fund in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Trustees.

   Additional Provision: The investments in debt and money market instruments of group companies of both the sponsor and the AMC shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Trustees.

   (group means a group as defined under regulation 2(mm) of SEBI(Mutual Funds) Regulations,1996 and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

11. The fund shall not borrow except to meet temporary liquidity needs of the mutual funds for the purpose of repurchase/redemption of units or payment of interest or dividend to the unitholders.

   The fund shall not borrow more than 20 per cent of the net assets of the scheme and duration of such borrowing shall not exceed a period of six months.

12. Participation in Repo in Corporate Debt Securities is subject to the following restriction:
- 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 debts and derivatives shall not exceed 100% of the net assets of the Scheme.
- The Scheme will participate in repo transactions only in AA and above rated corporate debt securities.
- The Scheme may borrow through repo transactions (for redemption/dividend payout) only if the tenor of the transaction does not exceed a period of six months and aggregate borrowing is not more than 20% of net assets of the Scheme.

These investment limitations / parameters (as expressed / linked to the net asset / net asset value / capital) shall in the ordinary course apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciations or depreciations in value, or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, TAML shall adopt as a priority objective the remediying of that situation, taking due account of the interests of the Unitholders.

In addition, certain investment parameters (like limits on exposure to Sectors, Industries, Companies, etc.) may be adopted internally by TAML, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / TAML may alter these above stated limitations from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its investment objective. As such all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996, including Schedule VII thereof.
Investment by the Asset Management Company

According to the Clause 4 of Schedule 7 read with Regulation 44(1), of the SEBI (MF) Regulations, 1996, the scheme may invest in another scheme/plan/fund under the management of TAML or any other mutual fund without charging any fees. The aggregate inter-scheme investments made by all schemes/plans/funds 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. The objective of the Scheme in investing in Schemes of TMF or any other Mutual Fund will be primarily to gain better yields in the short term as compared to other short term instruments in the money market.

The sponsor or asset management company shall invest not less than one percent of the assets under management of the scheme or fifty lakh rupees, whichever is less, in the growth option of the scheme and such investment shall not be redeemed unless the scheme is wound up.

J. PERFORMANCE OF THE SCHEME

Scheme Performance as on 30 April 2020

<table>
<thead>
<tr>
<th>Compounded Annualised Returns</th>
<th>Scheme Returns %</th>
<th>Benchmark Returns %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns for last 1 year</td>
<td>Tata Short Term Bond Fund – Regular Plan</td>
<td>Crisil Short Term Bond Index</td>
</tr>
<tr>
<td>Returns for last 3 years</td>
<td>9.05</td>
<td>10.00</td>
</tr>
<tr>
<td>Returns for last 5 years</td>
<td>4.93</td>
<td>7.84</td>
</tr>
<tr>
<td>Returns since inception</td>
<td>6.21</td>
<td>8.18</td>
</tr>
</tbody>
</table>

Absolute Returns for the Last 5 Financial Years

<table>
<thead>
<tr>
<th>Year to Year</th>
<th>Scheme Returns (%)</th>
<th>Benchmark Returns (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td>8.95</td>
<td>9.82</td>
</tr>
<tr>
<td>2018-2019</td>
<td>0.60</td>
<td>7.55</td>
</tr>
<tr>
<td>2017-2018</td>
<td>5.58</td>
<td>6.11</td>
</tr>
<tr>
<td>2016-2017</td>
<td>8.55</td>
<td>9.1</td>
</tr>
<tr>
<td>2015-2016</td>
<td>7.88</td>
<td>8.47</td>
</tr>
</tbody>
</table>

Note:

Tata Short Term Bond Fund – Regular Plan - Inception date: 8 Aug 2002. Returns are for Regular Plan-Growth option.

Past performance of the scheme may or may not be sustained in future. All payouts during the period are assumed to be reinvested in the units of the scheme at the then prevailing NAV & while calculating returns dividend distribution tax is excluded.
TATA SHORT TERM BOND FUND


Top 10 holdings by issuer as on 30.04.2020

<table>
<thead>
<tr>
<th>Issuer Name</th>
<th>% of AUM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELIANCE INDUSTRIES LTD.</td>
<td>9.33</td>
</tr>
<tr>
<td>REC LTD.</td>
<td>8.53</td>
</tr>
<tr>
<td>SBI CARDS &amp; PAYMENT SERVICES LTD.</td>
<td>7.64</td>
</tr>
<tr>
<td>ONGC PETRO-ADDITIONS LTD.</td>
<td>7.15</td>
</tr>
<tr>
<td>GOVT OF INDIA</td>
<td>6.96</td>
</tr>
<tr>
<td>HDFC LTD.</td>
<td>6.45</td>
</tr>
<tr>
<td>LIC HOUSING FINANCE LTD.</td>
<td>6.18</td>
</tr>
<tr>
<td>POWER FINANCE CORPORATION</td>
<td>6.16</td>
</tr>
<tr>
<td>NHPC LTD.</td>
<td>4.48</td>
</tr>
<tr>
<td>SMALL INDUST DEVLOP BANK OF INDIA</td>
<td>4.44</td>
</tr>
</tbody>
</table>

*Debt Securities

The monthly portfolio of the Scheme shall be available in a user-friendly and downloadable format on the www.tatamutualfund.com.

Funds Allocation towards various sectors as on 31.03.2020

<table>
<thead>
<tr>
<th>Sectors</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL SERVICES</td>
<td>55.29</td>
</tr>
<tr>
<td>OIL &amp; GAS</td>
<td>15.49</td>
</tr>
<tr>
<td>SOVEREIGN</td>
<td>7.19</td>
</tr>
<tr>
<td>CHEMICALS</td>
<td>7.15</td>
</tr>
<tr>
<td>POWER</td>
<td>5.31</td>
</tr>
<tr>
<td>TELECOM</td>
<td>3.58</td>
</tr>
<tr>
<td>CEMENT &amp; CEMENT PRODUCTS</td>
<td>2.2</td>
</tr>
<tr>
<td>SERVICES</td>
<td>1.31</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>0.01</td>
</tr>
</tbody>
</table>

The aggregate investment in the scheme under the following categories as on 27.04.2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Rs. In crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC’s Board of Directors</td>
<td>2.71</td>
</tr>
<tr>
<td>Fund Manager-Managers of the scheme</td>
<td>NIL</td>
</tr>
<tr>
<td>Other Key Managerial Personnel</td>
<td>0.77</td>
</tr>
</tbody>
</table>

Illustration of impact of expense ratio on scheme return:

<table>
<thead>
<tr>
<th>Amount Invested (Rs)</th>
<th>10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Returns-assumed</td>
<td>10%</td>
</tr>
<tr>
<td>Closing NAV before expenses (Rs.)</td>
<td>11,000</td>
</tr>
<tr>
<td>Expenses (Rs)</td>
<td>250</td>
</tr>
<tr>
<td>Total NAV after charging expenses (Rs)</td>
<td>10,750</td>
</tr>
<tr>
<td>Net returns to investor</td>
<td>7.50%</td>
</tr>
</tbody>
</table>

Illustration is given to understand the impact of expense ratio on a scheme return and this should not be construed as an indicative return of the scheme.
II. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

A. ONGOING OFFER DETAILS

Ongoing Offer Period
This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.

Tata Short Term Bond Fund was launched on 8th August, 2002. W.e.f 12th August, 2002 the scheme was open for ongoing sales. w.e.f. 24 February, 2015 Periodic Dividend Option was introduced.

Being an existing open ended scheme, subscription / redemption a facility is available on all business days.

Ongoing price for subscription (purchase) / switch-in (from other schemes / plans of the mutual fund) by investors.

This is the price you need to pay for purchase/switch-in.

Ongoing price for redemption (sale) / repurchase /switch outs (to other schemes/plans of the Mutual Fund) by investors.

This is the price you will receive for redemptions/switch outs.

Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be:

Rs. 10 * (1-0.02) = Rs. 9.80

At the applicable NAV.

At the applicable NAV subject to prevailing exit load, if any.

The Fund shall ensure that the redemption price is not lower than 93% of the NAV and the Purchase price is not higher than 107% of the NAV, provided that the difference between the redemption price and purchase price of the units shall not exceed the permissible limit of 7% of the purchase price, as provided under the Regulations.

Investment Plans /options

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Plan</th>
<th>Option</th>
<th>Default Option if Growth or Dividend Option is not mentioned</th>
<th>Default Option if Dividend sub Option is not mentioned</th>
<th>Minimum Investment Amount (for each option)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Short Term Bond Fund</td>
<td>Regular</td>
<td>• Growth • Periodic Dividend (introduced w.e.f. 24 Feb 2015) • Monthly Dividend (w.e.f 1 Aug 2017)</td>
<td>Growth</td>
<td>Periodic Dividend</td>
<td>Rs.5000/-</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>• Growth • Periodic Dividend (introduced w.e.f. 24 Feb 2015) • Monthly Dividend (w.e.f 1 Aug 2017)</td>
<td>Growth</td>
<td>Periodic Dividend</td>
<td>Rs.5000/-</td>
</tr>
</tbody>
</table>

Notes:
1. Minimum additional investment amount for existing investors is Rs.1000/- & in multiples of Re.1/-.
2. Minimum redemption request is Rs.500 or 50 units or folio available balance whichever is lower.
2. Default Plan:

Investors are requested to note the following scenarios for the applicability of “Direct Plan or Regular Plan” for valid applications received under the scheme:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Broker Code mentioned by the investor</th>
<th>Plan mentioned by the investor</th>
<th>Default Plan to be captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not mentioned</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>2</td>
<td>Not mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>3</td>
<td>Not mentioned</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>4</td>
<td>Mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>5</td>
<td>Direct</td>
<td>Not Mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>6</td>
<td>Direct</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>7</td>
<td>Mentioned</td>
<td>Regular</td>
<td>Regular Plan</td>
</tr>
<tr>
<td>8</td>
<td>Mentioned</td>
<td>Not Mentioned</td>
<td>Regular Plan</td>
</tr>
</tbody>
</table>
In cases of wrong/invalid/incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

3. In case dividend payout option is not mentioned then dividend shall be compulsorily reinvested in the same scheme/option at applicable ex-dividend NAV.

Treatment of Business Received Through Suspended Distributors:

The financial transactions of an investor where his distributor’s AMFI Registration Number (ARN) has been suspended temporarily or terminated permanently by Association of Mutual Funds in India (AMFI) shall be processed as follows:

1. All purchase and switch transactions including SIP/STP registered prior to the date of suspension and fresh SIP/STP registrations received under the ARN code of a suspended distributor during the period of suspension, shall be processed under ‘Direct Plan’ and shall be continued under Direct Plan perpetually except in case where TAML receives any written request/instructions from the unitholder/s to shift back to Regular Plan under the ARN of the distributor post the revocation of suspension of ARN.

2. All Purchase and Switch Transactions including SIP/STP transactions received through the stock exchange platform through a distributor whose ARN is suspended shall be rejected.

Unitholders can opt for only one dividend sub-option under a scheme in a single folio. In case, different dividend sub-options are required, unitholders are required to create a new folio.

Also note that the dividend sub-option selected in the last inflow transaction will be applicable to all the transactions in the respective scheme sub-option in the folio. A simple example will explain the above statement:

<table>
<thead>
<tr>
<th>Date</th>
<th>Request by unitholder</th>
<th>Sub Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>Purchase in Dividend Option</td>
<td>Payout</td>
</tr>
<tr>
<td>02/03/2019</td>
<td>SIP Registered in Dividend Option</td>
<td>Reinvestment</td>
</tr>
<tr>
<td>03/05/2019</td>
<td>Additional Purchase in Dividend Option</td>
<td>Payout</td>
</tr>
<tr>
<td>02/06/2019</td>
<td>SIP Instalment</td>
<td>Reinvestment</td>
</tr>
</tbody>
</table>

Hence the dividend sub option chosen by unitholders in the last transaction (i.e SIP instalment as on 02/06/2019 sub option reinvestment) will be applicable to all transactions in the related scheme sub option in the folio.

In case of statutory/legal attachments/suspensions or litigations/disputes at the unitholders/investor’s end, the dividends will compulsorily be reinvested, and no payout shall be made during the said period, irrespective of the dividend sub-option selected.

Investor should note that for processing of redemption and related transactions in Non-PAN exempt folios from time to time, it is mandatory to complete the KYC requirements for all applicants/investors (including existing investors and joint holders) and in case of folio of a minor investor, the KYC of the guardian is mandatory irrespective of the amount of investment.

Accordingly, financial transactions (including Fresh Purchases, Additional Purchases, Switch transactions, Redemption and all types of systematic plans) and non-financial requests will not be processed if the applicants (including existing investors and joint holders) and unitholders have not completed KYC requirements.

Unitholders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the point of acceptance. Further, upon updation of PAN/PEKRN details with the KRA (KRA-KYC)/CERSAI (CKYC), the unitholders are requested to intimate TAML/Registrar and Transfer Agent i.e. Computer Age Management Services Limited (CAMS) their PAN information along with the folio details for updation in our records.

Currently there is no minimum amount requirement in case unitholder is opting for an all units switch.

<table>
<thead>
<tr>
<th>Date Request by unitholder</th>
<th>Sub Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019 Purchase in Dividend Option</td>
<td>Payout</td>
</tr>
<tr>
<td>02/03/2019 SIP Registered in Dividend Option</td>
<td>Reinvestment</td>
</tr>
<tr>
<td>03/05/2019 Additional Purchase in Dividend Option</td>
<td>Payout</td>
</tr>
<tr>
<td>02/06/2019 SIP Instalment</td>
<td>Reinvestment</td>
</tr>
</tbody>
</table>

Applicable NAV for Ongoing Subscription/Purchase/Switch-in for Regular Plan and for Direct Plan

<table>
<thead>
<tr>
<th>Application Size</th>
<th>Applicable NAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>For application amount of Rs. 2 Lacs* &amp; above.</td>
<td>NAV of the day on which the funds are realized up to 3.00 p.m. (Subject to transaction being time-stamped upto 3 p.m. on the date of realization of funds).</td>
</tr>
<tr>
<td>For application amount upto Rs. 2 Lacs.</td>
<td>If application is time stamped before 3 p.m. on any business day - Applicable NAV shall be the closing NAV of the date of receipt of the application. If application is time stamped after 3 p.m. on any business day - Applicable NAV shall be the closing NAV of the next business day.</td>
</tr>
</tbody>
</table>

* Multiple applications (purchase including switch-in) submitted by investor on same day for the same scheme, shall be aggregated at investor level (i.e. First holder / Sole Holder) for determination of Rs. 2 Lacs.

In case of switch transactions, funds will be made available for utilization in the switch-in scheme based on redemption payout cycle of the switch out scheme.

Repurchase/Redemptions including Switch-outs or Reverse Sweep:

a. Where the valid applications is received upto 3.00 pm at the Official Point of Acceptance, same day closing NAV shall be applicable; and
b. Where the valid application is received after 3.00 pm at the Official Point of Acceptance, the closing NAV of the next business day shall be applicable. 

As per the existing procedure, the applications will be time stamped in accordance with the SEBI Guidelines. 

The Trustee/AMC may alter the limits and other conditions in line with the Regulations. 

Switch Transactions:

Valid application for “switch out” shall be treated as redemption and for “switch in” shall be treated as purchases and the relevant NAV of “Switch in” and “Switch Out” shall be applicable accordingly.

Above cut off timings shall also be applicable to investments made through —Sweep—mode

Outstation cheques/demand drafts will not be accepted.

Temporary Provisions :

Unitholders/Prospective Investors shall note that, after taking into account of the impact of the revised trading hours for various markets as per the RBI Press Release dated April 03, 2020, and subsequently on April 16,2020, on April 30,2020 the cut-off timing for both subscription and redemption in all open ended schemes of mutual fund has been reduced for a temporary period till further notice.

In case of subscription/switch in Transactions: 01:00 p.m.

In case of Redemption/switch Out Transactions: 01:00 p.m.

All other provisions of SEBI (Mutual Funds), Regulations 1996 and circulars issued thereunder regarding applicability of NAV in respect of subscription and redemption remain unchanged.

Transactions through online facilities / electronic modes:

The time of transaction done through various online facilities / electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request for purchase / sale / switch of units is received in the servers of AMC/RTA.

In case of transactions through online facilities / electronic modes, the movement of funds from the investors’ bank account to the Scheme’s bank account may happen via the Intermediary / Aggregator service provider through a Nodal bank account and post reconciliation of fund. The process of movement of funds from the investors’ bank account into the Scheme’s Bank account in case of online transaction is governed by Reserve Bank of India(RBI) vide their circular Ref. RBI/2009-10/231 DPSS.CO.PD.No.1102/02.14.08/2009-10 dated 24th November, 2009. The process followed by the aggregator and the time lines within which the Funds are credited into the Scheme’s bank account is within the time lines provided by RBI which is T+3 settlement cycle / business days, where T is the date of Transaction / day of intimation regarding completion of transaction. The nodal bank account as stated above is an internal account of the bank and such accounts are not maintained or operated by the intermediary / aggregator or by the Mutual Fund.

While the movement of Funds out of the investors’ Bank account may have happened on T day, however post reconciliation and as per statutory norms the allotment can happen only on availability of Funds for utilization by the AMC/MF and accordingly the transaction will processed as per the applicable NAV based on availability of funds for utilization. This lag may impact the applicability of NAV for transactions where NAV is to be applied, based on actual realization of funds by the Scheme. Under no circumstances will Tata Asset Management Limited or its bankers or its service providers be liable for any lag / delay in realization of funds and consequent pricing of units.

The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Scheme(s).

Minimum balance to be maintained and consequences of non-maintenance.

The Fund may mandatorily redeem all the Units of any Unitholder:

(a) If the value of the account falls below the minimum Account balance of 50 Units in case of Growth option, Monthly Option and Periodic Dividend Option due to normal repurchase/switch and the unitholders fails to invest sufficient funds or to purchase sufficient units to bring the value of the account upto the minimum level within 30 days after a written intimation in this regard is sent by the fund to that unitholder; or

(b) Where the Units are held by a Unitholder in breach of any regulations.

(c) The repurchase would be permitted to the extent of credit balance in the Unit holder’s account.

Special Products / Facilities available

a) Systematic Investment Plan (SIP)

The investors can benefit by investing specified Rupees amounts at regular intervals. The SIP allows the unitholders to invest a fixed amount of Rupees at regular intervals for purchasing additional units of the scheme at NAV based prices. Investment can be done with the minimum / maximum amount and number of cheques specified by AMC from time to time. The cheques will be presented on the dates mentioned on the cheque and subject to realization. Units will be allotted at the applicable NAV along with applicable load.
Accounts Statements

On acceptance of application for financial transaction, a confirmation specifying the number of Units allotted/redeemed will be sent by way of e-mail and/or SMS to the applicant’s registered e-mail address and/or mobile number within five business days from the date of transaction.

Tata Mutual Fund shall send first account statement for a new folio separately with all details registered in the folio allotted/redeemed will be sent by way of e-mail and/or SMS to the applicant’s registered e-mail address and/or mobile number within five business days from the date of transaction.

In compliance with the Circular No. CIR/MRD/DP/31/2014 dated November 12, 2014, Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016 read with SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20,2016, Tata Mutual Fund will send the Consolidated Account Statement (CAS) to investors as follows:

1. A single Consolidated Account Statement (CAS) on basis of PAN (PAN of the first holder & pattern of holding, in case of multiple holding) will be dispatched to unitholders having Mutual Fund investments & holding Demat accounts by Depositories within ten days from the end of the month in which transaction (the word ‘transaction’ shall include all financial transactions in demat accounts/Mutual Fund folios of the investor) takes place.

2. The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN. Such investors will get monthly account statement from Tata Mutual Fund in respect of transactions carried out in the schemes of Tata Mutual Fund during the month.

3. In other cases i.e. where unitholders having no Demat account & only MF units holding, Tata Mutual Fund shall continue to send the CAS as is being send presently within ten days from the end of the month in which financial transaction takes place.

4. In case statements are presently being dispatched by e-mail either by the Fund or the Depository then CAS will be sent through email. However the Unitholders have an option to receive CAS in physical form at the address registered in the Depository system.

5. The dispatch of CAS by Depositories to Unitholders would constitute compliance by Tata Asset Management Ltd / the Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations 1996.

6. Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.

7. In case if no transaction has taken place in a folio during the period of six months ended September 30 and March 31, the CAS detailing the holdings across all schemes of all mutual funds, shall be emailed on half yearly basis, on or before the tenth day of succeeding month, unless a specific request is made to receive the same in physical form.

8. Half-yearly CAS shall be issued to all Mutual Fund investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period. Further, CAS issued for the half-year(September/March) shall also provide:

   a. The amount of actual commission paid by Tata AMC/Mutual Fund to distributors (in absolute terms) during
TATA SHORT TERM BOND FUND

| Dividend | The dividend warrants/intimation shall be dispatched to the unitholders within 30 days from the date of declaration of the dividend. In the event of failure of dispatch of dividend within the stipulated 30 days period, the AMC shall be liable of pay interest at such rate as may be specified by SEBI for the period of such delay (presently @15% per annum) to the Unitholders. |
| Redemtion | The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of acceptance of redemption or repurchase request. The redemption cheque will be issued in the name of the first unitholder. |

**Delay in payment of redemption / repurchase proceeds**

The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @15% per annum).

**Restrictions, if any, on the right to freely retain or dispose of units being offered**

1. Unitholders desirous of transferring units shall submit the transfer request in the prescribed form or convert his/her holding in unit certificate or demat mode. Any addition / deletion of name from the folio of the unitholder is deemed as transfer of unit. Transfer of unit(s) shall be subject to payment of applicable stamp duty by the unitholder(s) and applicable laws.

The above provisions in respect of deletion of names will not be applicable in case of death of unitholder (in respect of joint holdings) as this is treated as transmission of units and not transfer.

2. The units issued in Demat (electronic) form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.

3. Transfer would be only in favor of transferees who are capable of holding units. The Fund will not be bound to recognize any other transfer.

4. The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form as may be required from time to time and transfer will be affected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized mode.

As per SEBI circular no CIR/IMD/DF/102010 dated August 18, 2010. All the units of a mutual fund scheme held in Demat form will be freely transferable.

Please refer SAI for the procedure of transmission & pledging. Investors are requested to visit the funds website for the list of prescribed documents under any of the procedure or call the investors service centers for any clarification on the above.

**Bank Account Details**

It shall be mandatory for the Unit holders to mention their bank account numbers in their applications/requests for redemptions. Unit holders are requested to give the full particulars of their Bank Account i.e. nature and number of account, name, Account Number, Nine digit MICR code No. (For Electronic Credit Facility), IFSC code for NEFT a 11 digit number, branch address of the bank at the appropriate space in the application form.

1. **Uniform Procedure for Change of Bank Details (COB) and Change of Address (COA)**

   In order to protect the interest of the investors and mitigate the risks arising due to of increasingly fraudulent attempts by external elements by changing the address and/or bank details of the genuine investor, uniform process for carrying out change of bank and change of address is recommended by NISM committee.

   Tata Mutual Fund (TMF) has decided to implement the following process for Change of Bank Mandate (COB) and Change of Address (COA) in line with the AMFI circular 135/BP/17/10-11 dated October 22, 2010 and 135/BP/26/11-12 dated March 21, 2012.

   **1. Documents required for Change of Bank Mandate (COB)**

   1. Transaction slip/Request letter from investor

   And

   2. Proof of New Bank Mandate:

      Original of any one of the following documents or originals should be produced for verification or copy should be attested by the Bank:

      - Cancelled original cheque of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque.

      OR

      - Self-attested copy of not older than 3 months bank statement containing the first unit holder name and bank account number
### Eligibility for Application

The following persons (subject, wherever relevant to, purchase of Units being permitted under their respective constitutions and relevant State Regulations) are eligible to apply for the purchase of the Units:

- **Adult individuals**, either singly or more than one (not exceeding three) on first holder basis or jointly on an either or survivor/any one basis.
- **Parents or other lawful Guardians on behalf of Minors.** AMC will follow uniform process ‘in respect of investments made in the name of a minor through a guardian’ by SEBI vide circular no SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019.
- **Companies, corporate bodies, public sector undertakings, trusts, wakf boards or endowments, funds, institutions, associations of persons or bodies of individuals and societies (including Co-operative Societies) registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under their respective constitutions).**
- **Mutual Funds** (including any Scheme managed by AMC or any Scheme of any other Mutual Fund); (in accordance with Regulation 44(1) read with Clause 4 of Schedule VII, of the Securities & Exchange Board of India (Mutual Funds) Regulations, 1996).

### Who can invest

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.
opportunities in US. The HIRE Act includes Foreign Account Tax Compliance Act (FATCA), which now forms a part
Incentives to Restore Employment (HIRE) Act, which was enacted by the US legislature to create employment
Compliance under Foreign Account Tax Compliance Act (FATCA) regulations:

- United States of America (US) has introduced chapter no. 4 in the US Internal Revenue Code as a part of the Hiring
- Incentives to Restore Employment (HIRE) Act, which was enacted by the US legislature to create employment
opportunities in US. The HIRE Act includes Foreign Account Tax Compliance Act (FATCA), which now forms a part
of the US-IR Code. The regulations for FATCA have undergone revision since 2010 and the final regulations make
the FATCA provisions effective from July 1, 2014.

The objective of FATCA is to detect "US Persons", who evade US taxes by using financial account maintained
outside US. The US persons are defined as those who have either US citizenship or US residency. The FATCA
stipulates reporting on:

i. US taxpayers about certain foreign financial accounts and offshore assets.

ii. Foreign Financial Institutions (FFIs) about financial accounts with them of US taxpayers or foreign
entities in which US taxpayers hold substantial ownership interest.

FFIs (including mutual funds in India) are required to periodically report information on accounts of US persons, who
maintain balances above a threshold. In the event of a default in the reporting of information on accounts of US
taxpayers, a withholding of 30% of the payment made from US sources will be imposed on the recalcitrant account
holders and non-participating Financial Institutions. SEBI vide its circular no. CIR/MIRSD/2/2014 dated June 30,
2014, has advised that Government of India and US Government have reached an agreement in substance on the
terms of an Inter-Governmental Agreement (IGA) to implement FATCA and India is now treated as having an IGA in
effect from April 11, 2014. Tata Asset Management Company Limited (TAML) is classified as a Foreign Financial
Institution (FFI) under the FATCA provisions and in accordance therewith, the AMC would be required to comply with
the rules & regulations of FATCA, from time to time.

In order to ensure compliance with FATCA and other rules / directions / notifications as may be issued by
Government of India or other regulatory authority, Mutual Funds are required to institute a process to identify US
Person investors and report the same.

Applicants are required to refer to the "FATCA information" section in the application and mandatorily fill/sign off on
the same. Applications without this information / declaration being filled/signed off will be deemed as incomplete
and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/
declaration in the application form may undergo a change on receipt of communication / guidelines from Government
of India or AMFI or SEBI or any other regulatory authority.

Common Reporting Standard (CRS)

On similar lines of FATCA, the Organization of Economic Development (OECD), along with the G 20 countries, of
which India is a member, has released a ‘Standard for Automatic Exchange of Financial Account Information in Tax
matters’. In order to combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money
abroad, the G 20 & OECD countries have together developed a common reporting standard (CRS) on automatic
exchange of information (AEOI). On June 3, 2015 India has joined the Multilateral Competent Authority Agreement (MCAA) on AEOI. The CRS on AEOI requires the financial institutions of the ‘source’ jurisdiction to collect and report information to their tax authorities about account holders ‘resident’ in other countries. The information to be exchanged relates not only to individuals, but also to shell companies and trusts having beneficial ownership or interest in the ‘resident’ countries.

In view of India’s commitment to implement the CRS on AEOI and also the IGA with USA and with a view to provide
information to other countries necessary legislative changes has already been made in Finance Act & by inserting
Rules 114F to 114H and Form 61B to provide a legal basis for the Reporting Financial Institutions (RFIs) for
maintaining and reporting information about the reportable accounts.

Applicants are required to refer to the “FATCA/CRS information” section in the application and mandatorily fill/sign off
on the same. Applications without this information / declaration being filled/signed off will be deemed as incomplete
and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/
declaration in the application form may undergo a change on receipt of communication / guidelines from Government
of India or AMFI or SEBI or any other regulatory authority.
### Dividend Policy

With the change in guidelines, investors may be called for additional information required by the law. Investors are requested to keep Mutual Fund updated with change in information already submitted by them with Mutual Fund. FATCA provisions are relevant not only at on-boarding stage of investor(s)/unit holder(s) but also throughout the life cycle of investment with the Fund/the AMC. In view of this, Investors should immediately intimate to the Fund/the AMC, in case of any change in their status with respect to FATCA/CRS related declaration provided by them previously.

Investors(s)/Unit holder(s) should consult their own tax advisors to understand the implications of FATCA/CRS provisions /requirements.

**Applicants who cannot Invest.**

- A person who falls within the definition of the term “U.S” Person” under the US Securities Act of 1933 and corporations or other entities organised under the laws of the U.S.
- A person who is resident of Canada.
- OCB (Overseas Corporate Bodies) as defined under Income Tax Act, 1061 and under Foreign Exchange Management Act, 1999.

The Fund 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 than prevailing statutory regulations, if any.

If a person resident of India at the time of subscription becomes a person resident outside India subsequently, shall have the option to either be paid Redemption value of Units, or continue into the Scheme if he/she so desires and is otherwise eligible. However, the person who desires to continue in the Scheme shall not be entitled to any interest or any compensation during the period it takes for the Fund to record the change in Address and the Residential Status. Notwithstanding the aforesaid, the Trustee Company reserves the right to close the Unitholder account and to pay the Redemption value of Units, subsequent to his becoming a person resident outside India, should the reasons of expediency, cost, interest of Unitholders and other circumstances make it necessary for the Fund to do so. In such an event, no resident Unitholders who have subsequently become resident outside India shall have a right to claim the growth in capital and/or income distribution.

This scheme has not been registered in any country outside India. To ensure compliance with any Laws, Acts, Enactments, etc. including by way of Circulars, Press Releases, or Notifications of Government of India, the Fund may require/give verification of identity/any special/additional subscription-related information from/of the Unitholders(which may result in delay in dealing with the applications, Units, benefits, distribution, etc.) giving subscription details, etc). Each Unitholder must represent and warrant to the Trustee Company/AMC that, among other things, he is able to acquire Units without violating applicable laws. The Trustee Company will not knowingly offer or sell Units to any person to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer. Units may not be held by any person in breach of the law or requirements of any governmental, statutory authority, including, without limitation, Exchange Control Regulations. The Trustee company may, compulsorily redeem any Units held directly or beneficially in contravention of these prohibitions. In view of the individual nature of investment portfolio and its consequences, each Unitholder is advised to consult his/her own professional advisor concerning possible consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of his/her State/country of incorporation, establishment, citizenship, residence or domicile.

### Dividend Options

**Growth Option:**

The income / profits received / earned would be accumulated by the Fund as capital accretion, aimed at achieving medium to long term and also short term capital growth as reflected in the NAV.

**Dividend Option:**

The profits received / earned and so retained and reinvested may be distributed as dividend to the unitholders who hold the units on the record date of declaration of the dividend at appropriate rates (after providing for all relevant ongoing expenses, etc.) and at appropriate intervals as mentioned in this scheme information document or as may be decided by the AMC and/or Trustee Company. The Trustee Company reserves the right to change the frequency for income distribution at its discretion. Guided by the philosophy of value-oriented returns, the intent being to protect the Net Asset Value of the Scheme and Unitholders’ interests.

**Growth / Dividend Options available in both the plans (i.e. Regular Plan & Direct) are as under:**

<table>
<thead>
<tr>
<th>Options Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
</tr>
<tr>
<td>Periodic Dividend</td>
</tr>
<tr>
<td>Monthly Dividend</td>
</tr>
</tbody>
</table>

**Important**

Dividend distribution will be subject to availability of distributable surplus and at the discretion of the trustees from time to time.

The Trustee has the discretion to change the periodicity of declaration of dividend /introduce new dividend options from time to time.

The investors of dividend options may opt for dividend payout, dividend reinvestment or dividend sweep facilities. In case dividend payout option is not mentioned than dividend shall be compulsorily reinvested in the same
scheme/option at applicable ex-dividend NAV.

**Dividend Reinvestment Option:**
Unitholders under this Option also have the facility of reinvestment of the income so declared, if so desired. Dividend Distribution Warrants will not be dispatched to such Unitholders. The income declared would be reinvested in the Scheme on the immediately following ex-dividend date.

**Dividend Sweep Facility**
Under this facility investor can opt for reinvestment of dividend into any other scheme of Tata Mutual Fund. This facility is available only for those investors who have opted for dividend reinvestment facility. This facility is not available to those investors who have opted for dividend payout facility. Under this facility, the net dividend amount (i.e. net of statutory levy / taxes if any) will be automatically invested on the ex-dividend date into other scheme of TATA Mutual Fund specified by the investor at the applicable NAV of that scheme & accordingly equivalent units will be allotted in lieu of dividend, subject to the terms of the schemes. The minimum and maximum amount is not applicable for this facility. No entry load or exit load will be levied on the units issued in lieu of dividend. AMC reserves the right to modify or withdraw this facility without prior notice.

In case dividend payout option is not mentioned than dividend shall be compulsorily reinvested in the same scheme/option at applicable ex-dividend NAV.

**Compulsory Dividend Reinvestment :**
In order to reduce the expenses of the scheme and also for the convenience of the investors the dividend shall be compulsorily reinvested within the scheme at the applicable ex-dividend NAV if dividend amount is less as per the amount given in table given below (or any other amount as may be specified by the AMC from time to time) in the same option of the respective plans of the scheme at the ex- dividend rate. This is applicable to the all dividend options of the scheme. In case of dividend reinvestment, the units will be allotted at applicable ex-dividend NAV in lieu of dividend. **The dividend shall be reinvested within the scheme at the applicable ex-dividend NAV if it is less than Rs. 250/-**.

The Fund reserves a right to modify the periodicity and manner of payout of such dividend as they deem fit without giving any prior notice to Unitholders.

<p>| Facility for purchasing of units of the scheme through order routing platform on BSE and NSE |</p>
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Scheme Name</th>
</tr>
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<tbody>
<tr>
<td>01</td>
<td>Tata Short Term Bond Fund Regular Plan - Growth, Periodic Dividend &amp; Monthly Dividend</td>
</tr>
<tr>
<td>02</td>
<td>Tata Short Term Bond Fund Direct Plan - Growth, Periodic Dividend &amp; Monthly Dividend</td>
</tr>
</tbody>
</table>

**Just SMS Facility**
JUST SMS Facility enables the unitholders to
- Subscription of units of the scheme for amounts less than Rs 2 lacs.
- Redemption of units in the scheme (any amount/All Units).
- Switch out from the scheme (any amount/All Units).

This facility is currently available for existing investors (resident individuals only including guardian on behalf of minor) however new investor can avail this facility after opening a folio in the scheme/(s).

The said limits can be changed at the sole discretion of Tata Asset Management Ltd.

**Process Note:**
1. Subscription transaction request can be accepted in “Amounts” only and Switch and Redemption transaction requests can be accepted in “Amounts/Units”, however the request for Unit based redemption/switches can be given for “ALL” units and not part thereof. The minimum subscriptions / redemption / Switch amount in the respective scheme(s) will be applicable for each transaction. The load structure prevailing at the time of the purchase transaction will be applicable.
2. Mobile Number Registration: Unitholder(s) of the Fund have to register a mobile number registered in India in their folio for availing this Facility. The mobile number provided in the debit mandate shall be updated in the folio for which the Facility is required. Additionally it will be registered in all the folios (if the same is not already available) where the First/Sole unit holder PAN number is same as the First/Sole unit holder PAN in the application, the updation of the mobile number will be only for purpose of database enhancement for all communication purposes. To avail this facility, only one mobile number will be registered with one folio number.
3. Unitholder(s) of the Fund can start transacting, using this Facility only after successful registration of the
4. Unit holder(s) need to provide Original cancelled cheque of the same bank account registered in the registration form with the unit holder’s name printed on the face of the cheque. In case an investor is not able to submit the Original cancelled cheque or do not have the name of the investor on the face of the cheque. Then the investor needs to submit:
   a. Copy of the bank passbook attested by bank / Original bank statement with name address and bank account number of the investor.
   b. A letter from the bank on its letter head certifying that the investor maintains an account with the bank, along with the information like the bank account number, bank branch, account type, the MICR code of the branch and the IFSC code.
   c. Get the bankers attestation in the face of the form in the section BANKER’S Attestation (For BANK Use only)
   d. If these supporting documents are not provided the registration may not be accepted. The Unit holder(s) cheque/bank account details are subject to third party verification.

5. Transaction Charge: In accordance with SEBI circular No. Cir/IMD/DF/13/2011 dated August 22, 2011, TAML/TMF will deduct Transaction Charges from the purchase/subscription amount received from the investors investing through a valid ARN Holder i.e. AMFI registered Distributor (provided the Distributor has opted to receive the Transaction Charges). Transaction Charge of Rs. 100 (for investor other than first time mutual fund investor) per purchase/subscription of Rs. 10,000 above are deductible from the purchase/subscription amount and payable to the Distributor. The balance amount shall be invested.

   The transaction charges would be deducted only in respect of those transactions where the concern distributor has opted for opt in for levying transaction charge. In case distributor has chosen ‘Opt Out’ of charging the transaction charge, no transaction charge would be deducted from transactions registered. It may further be noted that distributors shall have also the option to either opt in or opt out of levying transaction charge based on type of the product.

6. In case the mode of holding of the folio is ‘Joint’ and the Debit Mandate is duly signed by all the joint holder(s), it will be deemed to be an express instruction to the AMC (Tata Asset Management Ltd) / RTA (Computer Age Management Service Pvt. Ltd) to keep the mode of holding to ‘Anyone or Survivor’ for availing this Facility only, so that this facility is available to the first named holder only. In case the unit holder is a “minor”, the legal/natural guardian shall be eligible to avail of this Facility till the minor attains majority. As such legal/natural guardian may make payments from the minor’s respective bank account (or in accordance with the exceptions provided for third party payments) and the same shall be recognized by the AMC as valid payment as per the SEBI Mutual Fund Regulations.

7. The Purchase Facility is currently available to the investors with the bank account with following bank branches:
   a) All bank branches participating in Reserve Bank of India (RBI) Electronic Clearing System (ECS)/Regional Electronic Clearing System (RECS) facility.
   b) Core Banking branches of the following Banks: Allahabad Bank, Axis Bank, Bank Of Baroda, Citibank, Corporation Bank, HDFC Bank, Federal Bank, ICICI Bank, IDBI Bank, Karnataka Bank, Punjab National Bank, State Bank of India, Union Bank of India, United Bank of India.

   Please note that the list of the banks and branches may be modified/updated/changed/deleted from time to time in future at the sole discretion of the AMC without assigning any reason or prior notice. You may kindly refer the AMC website www.tatamutualfund.com for the latest list of locations/banks.

8. Some banks and branches may levy charges for mandate registration and / or transactions to their bank account holders, which will be borne by the account holder only and will not be borne/reimbursed by the AMC or the Fund.

9. Unit holder(s) hereby confirms, acknowledges and undertakes to make payments for subscription of units from their respective bank account(s) in compliance with applicable provisions relating to third party payments detailed in the SID / SAI and that the payment will be through legitimate sources only.

10. The responsibility of the bank account information provided in the Debit Mandate or any other application form for this Facility solely rests with the Unit holder(s) and the AMC / Fund / RTA will not be responsible or liable for any loss, claims, liability that may arise on account of any incorrect and / or erroneous data / information supplied by the Unit holder(s).

11. It will be the sole responsibility of the unit holder(s) bank and its branch to ensure proper registration of the Debit Mandate and confirm registration. If no confirmation of registration or rejection is received from the banker, the AMC/RTA/it’s agents will deem the same to be registered and confirm the registration to Unit holder(s) entirely at the risk of Unit holder(s).

12. The Unit holder(s) shall ensure availability of clear funds in their respective bank account, as specified in the Debit Mandate, at the time of requesting a Transaction using the Facility and at the time of bank account being debited.

13. The bank account of the customer may be debited towards purchases either on the same day of transaction or within one to seven business days depending on ECS cycle. The AMC / RTA shall attempt to settle the transaction and debit the bank account by requesting the registered bank for release of funds.
as per direct debit arrangement or standing instruction or RBI ECS (Debit) facility generally within a period of one to seven working days for bank. However, in case of non-receipt of the funds, for whatsoever reasons, the transaction shall stand cancelled/ null and void and the units allotted, if any would be reversed and stands cancelled.

14. The request for transaction is to be considered as accepted, subject to realization of funds towards purchases, and only on receipt of the confirmation from RTA on the registered mobile number or email id of the Unit holder(s) of the Fund.

15. The applicable NAV for the transaction will be dependent upon the time of receipt of the SMS into Computer Age Management Service Pvt. Ltd, Registrar & Transfer Agent of the Fund, (‘RTA’) server, electronically time-stamped and other factors like scheme, type of transaction, amount, date of realization of funds under SEBI regulations and will be treated on par with similar transactions received through other modes. For the purpose of this Facility, such RTA office centre would be considered as an Official Point of Acceptance of the transaction.

16. Any transaction request on a Non-Business Day will be processed on the next Business Day in accordance with the provisions provided in the Scheme Information Document (‘SID’) of the respective scheme.

17. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information/key word or due to non-receipt of the SMS message by the RTA or due to late receipt of SMS due to mobile network congestions or due to any reason whatsoever, the Unit holder(s) will not hold the Fund, AMC and the RTA responsible for the same.

18. In case of non-receipt of confirmation from RTA within a reasonable time (around one hour), Unit holder(s) are advised to immediately call up the call centre on toll free no. 1800-209-0101 to confirm the status of the transaction request. In case of receipt of multiple confirmations from the RTA against a single transaction request, the same needs to be brought to the immediate attention of RTA and the AMC by calling up the call centre on toll free no. 022-62827777.

19. TheUnit holder(s) availing the Facility shall check his/ her bank account records carefully and promptly. If the Unit holder(s) believes that there has been an error in any transaction using the Facility, or that an unauthorized transaction has been effected, the Unit holder(s) shall notify the AMC or the RTA immediately by calling up the call centre on toll free no. 022-62827777. For faster dissemination of information, Unitholders are requested to provide their E-mail IDs. Delivering service through the internet & web-based services such as e-mail is a more efficient delivery channel. Annual report, Account statements & other communication will be sent via email, by default, to investors who have provided their email ID, unless specified otherwise. The investor shall from time to time intimate the Mutual Fund / its transfer agents about any changes in the email address. In case of a large document, a suitable link would be provided & investor can download, save & print these documents. However, the investor always has a right to demand a physical copy of any or all the service deliverables, & the Fund would arrange to send the same to the investor. It is deemed that the Unitholder is aware of all the security risks associated with online communication, including the possibility of third party interception of the documents sent via email. Mutual Fund / registrar shall not be responsible for e-mail not reaching to the investors and for all consequences thereof.

20. Unitholder(s) of the Fund agrees and acknowledges that any transaction, undertaken using the registered mobile number shall be deemed to be that of the Unitholder(s).

21. Unit holder(s) will also need to inform the AMC/RTA about any change in their bank account number, mobile number or email id through a duly signed written request in the specified format and supporting documents.

22. The Unit holder(s) agree that the Fund/AMC / RTA and their agents shall not be held liable for any unsuccessful registration and or transaction due to any action or inaction of the Unit holder(s) bank including but not limited to reasons mentioned below and agree to indemnify the Fund/AMC/RTA for all liabilities, losses, damages and expenses which they may consequent sustain or incur either directly or indirectly:

   a) Loss of the Debit Mandate in transit from point of acceptance of the form to RTA head office and further to the Unit holder(s)’ bank branch;

   b) Non acceptance or rejection of Debit Mandate for whatsoever reason by the Unit holder(s)’ bank branch, with or without any reason assigned by the Unit holder(s) bank;

   c) Non registration of the Debit Mandate by the Unit holder(s)’ bank and branch;

   d) Deemed registration due to non confirmation of registration or subsequent rejection by the bank and any subsequent rejection of debit of bank account for funds;

   e) Non availability of funds in the bank account of the Unit holder(s) at the time of debit/Rejection of registration or transaction debit for any reason or without assigning any reason whatsoever.

23. Employee Unique Identification Number (EUIN): Further, SEBI has made it compulsory for every employee/ relationship manager/ sales person of the distributor of mutual fund products to quote the EUIN obtained by him/her from AMFI in the Application Form. EUIN would assist in addressing any instance of mis-selling even if the employee/relationship manager/sales person later leaves the employment of the distributor. Hence, if your investments are routed through a distributor please ensure that the EUIN is correctly filled up in the Registration Form. However, if your distributor has not given you any advice
TATA SHORT TERM BOND FUND

Option to hold units in dematerialized(demat) option
Pursuant to SEBI Circular no. CIR/IMD/DF/9/2011 dated May 19, 2011 and further as per AMFI Circular No 35P/MEM-COR/35/11-12 dated Dec 23, 2011, Mutual Fund shall provide an option to investors to hold units in Demat mode. Hence investors opting for allotment of units in Demat form shall mention Demat account details in the application form. Demat facility is available for all schemes of Tata Mutual Fund except for subscription in Plans / Options where dividend distribution frequency is less than a month.

Subscription by way of systematic Investment Plan Option is available for SIP transactions and units will be allotted based on the applicable NAV as per respective Scheme Information Document and will be credited to Investor Demat Account on weekly basis on realization of Funds.

As per SEBI Circular no. CIR/IMD/DF/102010 dated August 18, 2010, all the units of a mutual fund scheme held in Demat form will be freely transferable.

Official Points of Acceptance of Transaction through MF utility
Tata Mutual Fund has entered into an agreement with MF Utilities India Private Limited (“MFUI”), a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility (“MFU”) - a shared services initiative of various asset management companies, which acts as a transaction aggregator for transacting in multiple scheme of various mutual funds with a single form and a single payment instrument. Accordingly, all the authorized Point of Sales(POS) and website/mobile application of MFUI (available currently and also updated from time to time) shall be eligible to be considered as ‘official points of acceptance’ for all financial and non-financial transactions in the scheme of Tata Mutual Fund either physically or electronically. The list of POS of MFUI is published on the website of MFUI at www.mfuiindia.com.

Applicability of NAV shall be based on time stamping as evidenced by confirmation slip given by POS of MFUI and also the realization of funds in the Bank account of Tata Mutual Fund (and NOT the time of realization of funds in the Bank account of MFUI) within the applicable cut-off timing. The Uniform Cut-off time as prescribed by SEBI and mentioned in the SID / KIM shall be applicable for applications received through such facilities.

The AMC reserve the right to reject an application if it deems appropriate.

The Terms and conditions for using the facility:

- The user agrees to subscribe to the WhatsApp service & promotional alerts from TAML/TMF.
- The user can unsubscribe to the channel at any time by sending an email to us at service@tataamc.com.
- This channel cannot be used for grievance redressal or reporting fraud as of now, TAML/TMF will have no liability if any such incidents are reported on this channel.
- It is advisable for customers who have subscribed to this service to delete WhatsApp when changing their device.
- Customers shall not submit or transmit any content through this service which:
  - Is Obscene, Vulgar, Pornographic, Political, Religious, etc.
  - Encourages the commission of a crime or violation of any law Violates any state or Central law in India and/or the jurisdiction in which he resides and/or any applicable law.
  - Infringes the intellectual or copyrights of a third party.
  - Under no circumstances shall TAML/TMF, or its agents, affiliated companies, officers, directors, employees, and contractors be liable for any direct, indirect, punitive, incidental, special, or consequential damages that result from the use of, or inability to use, this service or for receipt of any answer provided by the program running at the back-end.
  - The customer understands that using WhatsApp application may carry extra risks and may not be secured. Further any message and information exchanged is subject to the risk of being read, interrupted, intercepted, or defrauded by third party or otherwise subject to manipulation by third party or involve delay in transmission.
  - TAML/TMF shall not be responsible or liable to the customer or any third party for the consequences arising out of or in connection with using of this service.
  - The customer is responsible for keeping security safeguard of his WhatsApp account linked to the registered mobile number.
  - TAML/TMF has the right to retract the service anytime it deems fit.
  - The customer agrees that he shall not have any claim against TAML/TMF on account of any suspension, interruption, non-availability or malfunctioning of the service due to any link/mobile/system failure at TAML/TMF’s end for any reason thereof.
  - These terms and conditions may be withdrawn/ superseded/ modified at any time whatsoever, by TAML/TMF without any prior notice.

Tata Asset Management Limited (TAML) / Tata Mutual Fund (TMF) is offering a facility to the unitholder/ investors to receive transaction alerts and confirmations for financial and/or non-financial transactions and other services on “WhatsApp” which is enabled on the mobile numbers of unitholders registered in Tata Mutual Fund folios.
To receive such information/messages on WhatsApp, the unitholder / investor needs to provide their consent or “Opt In” and agree to receive various messages or other services. Investors can provide this ‘opt in’ on online mode and through physical modes like application form, through SMS etc.

The AMC reserve the right to reject an application if it deems appropriate.

Additional communication channel for transaction alerts and confirmations for financial and/or non-financial transactions and other services
Tata Asset Management Limited (TAML) / Tata Mutual Fund (TMF) is offering a facility to the unitholder/ investors to receive transaction alerts and confirmations for financial and/ or non-financial transactions and other services on “WhatsApp” which is enabled on the mobile numbers of unitholders registered in Tata Mutual Fund folios.

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- This channel cannot be used for grievance redressal or reporting fraud as of now, TAML/TMF will have no liability if any such incidents are reported on this channel.
- It is advisable for customers who have subscribed to this service to delete WhatsApp when changing their device.
- Customers shall not submit or transmit any content through this service which:
  - Is Obscene, Vulgar, Pornographic, Political, Religious, etc.
  - Encourages the commission of a crime or violation of any law Violates any state or Central law in India and/or the jurisdiction in which he resides and/or any applicable law.
  - Infringes the intellectual or copyrights of a third party.
  - Under no circumstances shall TAML/TMF, or its agents, affiliated companies, officers, directors, employees, and contractors be liable for any direct, indirect, punitive, incidental, special, or consequential damages that result from the use of, or inability to use, this service or for receipt of any answer provided by the program running at the back-end.
  - The customer understands that using WhatsApp application may carry extra risks and may not be secured. Further any message and information exchanged is subject to the risk of being read, interrupted, intercepted, or defrauded by third party or otherwise subject to manipulation by third party or involve delay in transmission.
  - TAML/TMF shall not be responsible or liable to the customer or any third party for the consequences arising out of or in connection with using of this service.
  - The customer is responsible for keeping security safeguard of his WhatsApp account linked to the registered mobile number.
  - TAML/TMF has the right to retract the service anytime it deems fit.
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• It is advisable for customers who have subscribed to this service to delete WhatsApp when changing their device.
• Customers shall not submit or transmit any content through this service which:
  • Is Obscene, Vulgar, Pornographic, Political, Religious, etc.
  • Encourages the commission of a crime or violation of any law Violates any state or Central law in India and/or the jurisdiction in which he resides and/or any applicable law.
  • Infringes the intellectual or copyrights of a third party.
  • Under no circumstances shall TAML/TMF, or its agents, affiliated companies, officers, directors, employees, and contractors be liable for any direct, indirect, punitive, incidental, special, or consequential damages that result from the use of, or inability to use, this service or for receipt of any answer provided by the program running at the back-end.
  • The customer understands that using WhatsApp application may carry extra risks and may not be secured. Further any message and information exchanged is subject to the risk of being read, interrupted, intercepted, or defrauded by third party or otherwise subject to manipulation by third party or involve delay in transmission.
  • TAML/TMF shall not be responsible or liable to the customer or any third party for the consequences arising out of or in connection with using of this service.
  • The customer is responsible for keeping security safeguard of his WhatsApp account linked to the registered mobile number.
  • TAML/TMF has the right to retract the service anytime it deems fit.
  • The customer agrees that he shall not have any claim against TAML/TMF on account of any suspension, interruption, non-availability or malfunctioning of the service due to any link/mobile/system failure at TAML/TMF’s end for any reason thereof.
  • These terms and conditions may be withdrawn/ superseded/ modified at any time whatsoever, by TAML/TMF without any prior notice.
Investors are requested to note that MFUI will allot a Common Account Number ("CAN") i.e. a single reference number for all investments in the mutual fund industry for transacting in multiple schemes of various mutual funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form at the POS. The AMC and/or its Registrar and Transfer Agent shall provide necessary details to MFUI as may be needed for providing the required services to investors/distributors through MFU.

For any queries or clarifications related to MFU, please contact the Customer Care of MFUI on 1800-266-1415 (during the business hours on all days except Sunday and public holidays) or send an email to clientservices@mfuindia.com.

**Cash Investments**

Cash Investments in the Scheme Pursuant to SEBI circular dated September 13, 2012 and SEBI circular dated May 22, 2014, it is permitted to accept cash transactions to the extent of Rs. 50,000/- subject to compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under and the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines. Provided that the limit shall be applicable per investor for investments done in a financial year across all schemes of the Mutual Fund, subject to sufficient systems and procedures in place for such acceptance. However any form of repayment either by way of redemption, dividend, etc. with respect to such cash investment shall be paid only through banking channel.

Tata Asset Management Limited is in process of implementing adequate systems and controls to accept Cash Investment in the Scheme. Information in this regard will be provided to Investors as and when the facility is made available.

**B. PERIODIC DISCLOSURES**

<table>
<thead>
<tr>
<th>Net Asset Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</td>
</tr>
</tbody>
</table>

**NAV Information**

The NAVs will be calculated and disclosed on every Business Day. The AMC will prominently disclose the NAVs under a separate head on the website of the Fund (www.tatamutualfund.com) and of the Association of Mutual Funds in India-AMFI (www.amfiindia.com) by 11 p.m on every Business Day.

Investor may write to AMC for availing facility of receiving the latest NAVs through SMS.

**Illustration of Calculation of Sale & Repurchase Price:**

<table>
<thead>
<tr>
<th>Assumed NAV</th>
<th>Rs. 11.00 per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Load</td>
<td>NIL</td>
</tr>
<tr>
<td>Exit Load 1%</td>
<td></td>
</tr>
<tr>
<td>Sale Price</td>
<td>NAV + (Entry Load (%) * NAV)</td>
</tr>
<tr>
<td>Sale Price</td>
<td>11 + (0% * 11)</td>
</tr>
<tr>
<td>Sale Price</td>
<td>11 + 0</td>
</tr>
<tr>
<td>Sale Price</td>
<td>Rs. 11/-</td>
</tr>
</tbody>
</table>

**Repurchase Price**

<table>
<thead>
<tr>
<th>Repurchase Price</th>
<th>NAV – (exit load (%) * NAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Price</td>
<td>11 – (1%*11)</td>
</tr>
<tr>
<td>Repurchase Price</td>
<td>11 – 0.11</td>
</tr>
<tr>
<td>Repurchase Price</td>
<td>Rs.10.89</td>
</tr>
</tbody>
</table>

In the event NAV cannot be calculated and / or published, such as because of the suspension of RBI Clearing, Bank strikes, during the existence of a state of emergency and / or a breakdown in communications, the Board of Trustees may temporarily suspend determination and / or publication of the NAV of the Units.

The spread between the sale and repurchase price will be in accordance with Regulation 49(3) of the Securities & Exchange Board of India (Mutual Funds) Regulations, 1996. Accordingly, the repurchase price shall not be lower than 93% of the NAV and the difference between the sale and repurchase price shall not exceed 7% calculated on the Sale price.

**Portfolio Disclosures / Half Yearly Financial Results**

This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also

<table>
<thead>
<tr>
<th>Portfolio Disclosure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Mutual Fund shall disclose portfolio (along with ISIN) in user friendly and downloadable spreadsheet format, as on the last day of the month/half year for all their schemes on its website <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a> and on the website of AMFI <a href="http://www.amfiindia.com">www.amfiindia.com</a> within 10 days from the close of each month/half year.</td>
</tr>
</tbody>
</table>

In case of unitholders whose email addresses are registered, Tata Mutual Fund will send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month /half year respectively.

Tata Mutual Fund will publish an advertisement every half-year, in the all India edition of at least two daily.
**TATA SHORT TERM BOND FUND**

<table>
<thead>
<tr>
<th>Stated in portfolio disclosures.</th>
<th>newspapers, one each in English and Hindi, disclosing the hosting of the half yearly statement of the schemes portfolio on the AMC’s website <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a> and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>). Tata Mutual Fund will provide physical copy of the statement of scheme portfolio without any cost, on specific request received from a unitholder.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unaudited Financial Results:</strong></td>
<td>Tata Mutual Fund/ Tata Asset Management Ltd shall within one month from the close of each half year, i.e. half year ending on 31st March &amp; 30th September, host a soft copy of its unaudited financial results on its website in the format specified in Twelfth Schedule of SEBI (Mutual Funds) Regulations 1996. Tata Mutual Fund / Tata Asset Management Ltd shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation &amp; in a newspaper having wide circulation published in the language of the region where the Head Office of the fund is situated.</td>
</tr>
<tr>
<td><strong>Annual Report</strong></td>
<td>Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC’s website <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a> and on the website of AMFI <a href="http://www.amfiindia.com">www.amfiindia.com</a>. The scheme wise annual report or an abridged summary thereof, in the format prescribed, shall be sent by way of e-mail to the investor’s registered e-mail address not later than four months from the date of closure of the relevant accounts year. Investors who have not registered their email id, will have an option of receiving a physical copy of the Annual Report or Abridged Summary thereof. Tata Mutual Fund will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder. Physical copies of the report will also be available to the unitholders at the registered offices at all times. The timelines for filing scheme annual reports for the year 2019-20 is extended by one month i.e. till August 31, 2020. Tata Mutual Fund will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the AMC website (<a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>).</td>
</tr>
<tr>
<td><strong>Associate Transactions</strong></td>
<td>Please refer to Statement of Additional Information (SAI).</td>
</tr>
<tr>
<td><strong>Creation of Segregated Portfolio</strong></td>
<td>Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following: 1) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under: a) Downgrade of a debt or money market instrument to ‘below investment grade’, or b) Subsequent downgrades of the said instruments from ‘below investment grade’, or c) Similar such downgrades of a loan rating 2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level. 3) Creation of segregated portfolio is optional and is at the discretion of the Tata Asset Management Ltd (AMC). Process for Creation of Segregated Portfolio 1) On the date of credit event, AMC should decide on creation of segregated portfolio. Once AMC decides to segregate portfolio, it should : a) seek approval of trustees prior to creation of the segregated portfolio. b) immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. Tata Mutual Fund will also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC. c) ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme will be suspended for processing with respect to creation of units and payment on redemptions. 2) Once Trustee approval is received by the AMC: a) Segregated portfolio will be effective from the day of credit event b) AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI. c) An e-mail or SMS will be sent to all unit holders of the concerned scheme. d) The NAV of both segregated and main portfolios will be disclosed from the day of the credit event. e) All existing investors in the scheme as on the day of the credit event will be allotted equal number of units in the segregated portfolio as held in the main portfolio.</td>
</tr>
<tr>
<td></td>
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<td>---</td>
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<tr>
<td><strong>f)</strong></td>
<td>No redemption and subscription will be allowed in the segregated portfolio. However, upon recovery of any money from segregated portfolio, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio.</td>
</tr>
<tr>
<td><strong>g)</strong></td>
<td>AMC should enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests</td>
</tr>
<tr>
<td><strong>h)</strong></td>
<td>Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.</td>
</tr>
<tr>
<td><strong>3)</strong></td>
<td>If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.</td>
</tr>
<tr>
<td><strong>4)</strong></td>
<td>In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.</td>
</tr>
</tbody>
</table>

**Processing of Subscription and Redemption Proceeds**

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as under:

**i.** Upon trustees’ approval to create a segregated portfolio -
- Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
- Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.

**ii.** In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

**Disclosure**

AMC shall make necessary disclosures as mandated by SEBI, in statement of account, monthly / half yearly portfolio statements, Key Information Memorandum (KIM), SID, Scheme Advertisements, Scheme Performance data, AMC Website and at other places as may be specified.

The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.

**Monitoring by Trustees**

Trustees will monitor the compliance of the SEBI Circular in respect of creation of segregated portfolio and disclosure in this respect shall be made in Half-Yearly Trustee reports filed with SEBI.

In order to avoid mis-use of segregated portfolio, Trustees will put in place a mechanism to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs) etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of Tata Asset Management Ltd., including claw back of such amount to the segregated portfolio of the scheme.

**TER for the Segregated Portfolio**

1) AMC will not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.

2) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence. In addition to the TER mentioned above, the legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio as mentioned below.

3) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.

4) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

**Explanations:**

1) The term ‘segregated portfolio’ means a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.

2) The term ‘main portfolio’ means the scheme portfolio excluding the segregated portfolio.

3) The term ‘total portfolio’ means the scheme portfolio including the securities affected by the credit event.

**Illustration of Segregated Portfolio**

**Portfolio Date** 31-Mar-20
**Downgrade Event Date**: 31-Mar-20  
**Downgrade Security**: 7.65% C Ltd from AA+ to B  
**Valuation Marked Down**: 25%  
Mr. X is holding 1,000 Units of the Scheme, amounting to Rs.15,057.30 (1000*15.0573)

**Portfolio Before Downgrade Event**

<table>
<thead>
<tr>
<th>Security Rating</th>
<th>Type of Security</th>
<th>Quantity</th>
<th>Price Per Unit</th>
<th>Market Value (Rs. in Lacs)</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.80% A FINANCE LTD</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>32,00,000</td>
<td>102.812</td>
<td>3289.98</td>
</tr>
<tr>
<td>7.70% B LTD</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>32,30,000</td>
<td>98.5139</td>
<td>3182.00</td>
</tr>
<tr>
<td>7.65% C Ltd</td>
<td>CRISIL B*</td>
<td>NCD</td>
<td>32,00,000</td>
<td>73.843</td>
<td>2362.97</td>
</tr>
<tr>
<td>D Ltd (15/May/2019)</td>
<td>ICRA A1+</td>
<td>CP</td>
<td>32,00,000</td>
<td>98.3641</td>
<td>3147.65</td>
</tr>
<tr>
<td>7.65% E LTD</td>
<td>CRISIL AA</td>
<td>NCD</td>
<td>30,00,000</td>
<td>98.6757</td>
<td>2960.27</td>
</tr>
</tbody>
</table>

| Cash / Cash Equivalents | 114.47 | 0.760 |

Net Asset Value: **15,057.34**  
Unit Capital (No. of Units): **1,000**  
NAV (Rs.): **15.0573**  

*Marked down by 25% on the date of credit event. Before Marked down the security was valued at Rs.98.4570 per unit on the date of credit event i.e. on 31st March 2020, NCD of C Ltd (7.65%) will be segregated as separate portfolio.

**Main Portfolio as on 31st March 2020**

<table>
<thead>
<tr>
<th>Security Rating</th>
<th>Type of Security</th>
<th>Quantity</th>
<th>Price Per Unit</th>
<th>Market Value (Rs. in Lacs)</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.80% A FINANCE LTD</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>32,00,000</td>
<td>102.812</td>
<td>3289.98</td>
</tr>
<tr>
<td>7.70% B LTD</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>32,30,000</td>
<td>98.5139</td>
<td>3182.00</td>
</tr>
<tr>
<td>D Ltd (15/May/2019)</td>
<td>ICRA A1+</td>
<td>CP</td>
<td>32,00,000</td>
<td>98.3641</td>
<td>3147.65</td>
</tr>
<tr>
<td>7.65% E LTD</td>
<td>CRISIL AA</td>
<td>NCD</td>
<td>30,00,000</td>
<td>98.6757</td>
<td>2960.27</td>
</tr>
</tbody>
</table>

| Cash / Cash Equivalents | 114.47 | 0.760 |

Net Asset Value: **12694.37**  
Unit Capital (No. of Units): **1,000**  
NAV (Rs.): **12.6944**

**Segregated Portfolio as on 31st March 2020**

<table>
<thead>
<tr>
<th>Security Rating</th>
<th>Type of Security</th>
<th>Quantity</th>
<th>Price Per Unit</th>
<th>Market Value (Rs. in Lacs)</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.65% C Ltd</td>
<td>CRISIL B*</td>
<td>NCD</td>
<td>32,00,000</td>
<td>73.843</td>
<td>2362.97</td>
</tr>
</tbody>
</table>

Net Asset Value: **2362.97**  
Unit Capital (no of Units): **1,000**  
NAV (Rs.): **2.3630**

**Value of Holding of Mr. X after creation of Segregated Portfolio**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Segregated Portfolio</th>
<th>Main Portfolio</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Units</td>
<td>1,000</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td>NAV (Rs.)</td>
<td>2.3630</td>
<td>12.6944</td>
<td>15.0573</td>
</tr>
</tbody>
</table>

Total value of Investment (in Rs.): **2362.97**  
**15057.30**

**Investor services**

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

Name of the Investor Relations Officer: **Ms. Kashmira Kalwachwala**

1903/B,19th Floor, Parinee Crescenzo, G Block, BKC. Opposite MCA Club Bandra East, Mumbai-400051.

Contact No: 022-62827777 (Monday to Saturday- 9.00 am to 5.30 pm)

Email: service@tataamc.com

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

**Taxation:**
The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors with respect to the specific amount of tax and other implications arising out of his or her participation in the Schemes.

The Finance Act, 2020 abolished income distribution tax and instead introduced taxing of income from mutual fund units in the hands of the unit holders.

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Withholding tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>10%*</td>
</tr>
<tr>
<td>NRI</td>
<td>20%**</td>
</tr>
</tbody>
</table>

* Tax not deductible if dividend income in respect of units of a mutual fund is below Rs. 5,000 in a financial year. However, TDS rates have been reduced to 7.5% for the period between May 14, 2020 to March 31, 2020.

** The base tax is to be further increased by surcharge at the rate of:
- 37% on base tax where total income exceeds Rs. 5 crore;
- 25% where total income exceeds Rs. 2 crore but does not exceed Rs. 5 crore;
- 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and
- 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore

Further, “Health and Education Cess” is to be levied at 4% on aggregate of base tax and surcharge.

### Tax on Capital Gains (Payable by the Investors)

<table>
<thead>
<tr>
<th>Rate of Capital Gain Tax</th>
<th>Individual/ HUF $</th>
<th>Domestic Company @</th>
<th>NRI $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Capital Gain</td>
<td>As per relevant Slab of Total Income chargeable to Tax</td>
<td>30%/25%/^/22%/15%^^^/15%^^^^</td>
<td>30%^</td>
</tr>
<tr>
<td>(Units held for 36 months or less)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Capital Gain</td>
<td>After Providing Indexation</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>(Units held for more than 36 months)</td>
<td></td>
<td></td>
<td>Unlisted - 10%**</td>
</tr>
</tbody>
</table>

$Surcharge to be levied at:

- 37% on base tax where specified income exceeds Rs. 5 crore;
- 25% where specified income exceeds Rs. 2 crore but does not exceed Rs. 5 crore;
- 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and
- 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore

Further, Health and Education Cess to be levied at the rate of 4% on aggregate of base tax and surcharge.

When surcharge at 7% on base tax is applicable where total income of domestic corporate unit holders exceeds Rs 1 crore but does not exceed 10 crores and at 12% where total income exceeds 10 crores. However, surcharge at flat rate of 10 percent to be levied on base tax for the companies opting for lower rate of tax of 22%/15%. Further, “Health and Education Cess” to be levied at the rate of 4% on aggregate of base tax and surcharge.

** Without indexation.

^ Assuming the investor falls into highest tax bracket.

^^ If total turnover or gross receipts in the financial year 2018-19 does not exceed Rs. 400 crores.

^^^^ This lower rate is optional and subject to fulfillment of certain conditions as provided in section 115BAA.

Further, the domestic companies are subject to minimum alternate tax (except for those who opt for lower rate of tax of 22%/15%) not specified in above tax rates.

Short term/long term capital gain tax (along with applicable Surcharge and Health and Education Cess) will be deducted at the time of redemption of units in case of NRI investors.

The information stated above is based on Tata Mutual Fund understanding of the tax laws and only for the purpose of providing general information to the unit holders of the schemes. In view of the individual nature of tax implications, each unit holder is advised to consult with his or her own tax advisors with respect to the specific tax and other implications arising out of the restructuring.

If any tax liability arising post redemption on account of change in tax treatment with respect to Capital Gain Tax, by the tax authorities, shall be solely borne by the investors and not by the AMC or Trustee Company.

For further details on taxation please refer the clause on taxation in SAI.

### C. COMPUTATION OF NAV

Net Asset Value (“NAV”) of the Units shall be determined daily as of the close of each Business Day.
In case of Tata Liquid Fund, Tata Money Market Fund and Tata Liquidity Management Fund, the NAV of the units shall be determined daily as of the close of each day.

NAV shall be calculated in accordance with the following formula:

\[
\text{NAV} = \frac{\text{Market Value of Scheme's Investments} + \text{Accrued Income} + \text{Receivables} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{Number of Units Outstanding}}
\]

The computation of Net Asset Value, valuation of Assets*, computation of applicable Net Asset Value (related price) for ongoing Sale, Redemption, Switch and their frequency of disclosure shall be based upon a formula in accordance with the Regulations and as amended from time to time including by way of Circulars, Press Releases, or Notifications issued by SEBI or the Government of India to regulate the activities and growth of Mutual Funds. The NAVs of the fund shall be rounded off up to four decimals.

The valuation of investments shall be based on the principles of fair valuation specified in the Schedule VIII of the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued by SEBI/AMFI from time to time.* Please refer Para V. of SAI on ‘Investment valuation norms for securities & other assets’ for details.

Each option of the Direct Plan will have a separate NAV.

IV. FEES AND EXPENSES

A. NEW FUND OFFER (NFO) EXPENSES

The scheme was launched on 8th August, 2002 and the New Fund Offer Expenses were fully borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for the operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents’ fee, marketing and selling costs etc. given in the table below:

The AMC has estimated following percentage of the daily net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

The maximum recurring expenses for Scheme is estimated below:

<table>
<thead>
<tr>
<th>Ref</th>
<th>Expenses Head</th>
<th>Regular Plan: % of Daily Net Assets (Application routed through distributors) #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Management and Advisory Fees</td>
<td>Upto 2.00%</td>
</tr>
<tr>
<td></td>
<td>Trustee fee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audit fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Custodian fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RTA Fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marketing &amp; Selling expense incl. agent commission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost related to investor communications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of fund transfer from location to location</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of providing account statements and dividend redemption cheques and warrants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Costs of statutory Advertisements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost towards investor education &amp; awareness (at least 2 bps)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brokerage &amp; transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Goods &amp; Services tax on expenses other than investment and advisory fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Goods &amp; Services tax on brokerage and transaction cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)</td>
<td>Upto 2.00%*</td>
</tr>
<tr>
<td></td>
<td>(b) Additional expenses under regulation 52 (6A) (c)</td>
<td>NIL</td>
</tr>
<tr>
<td></td>
<td>(c) Additional expenses for gross new inflows from specified cities under regulation 52 (6A) (b)</td>
<td>Upto 0.30%^</td>
</tr>
</tbody>
</table>

* Excluding Goods & Services Tax on investment and advisory fees

# Note: Expenses of Direct Plan will be lower than expenses of the Regular Plan as no commission/distribution expenses will be charged in the case of Direct Plan. All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan. NAV of the Direct Plan will be different than the NAV of Regular Plan.

The maximum recurring expenses for the scheme shall be subject to following limits**

a) on the first Rs.500 crores of the daily net assets: 2.00%

b) on the next Rs.250 crores of the daily net assets: 1.75%

c) on the next Rs.1250 crores of the daily net assets :1.50%
The AMC reserves the right to change/modify exit / switchover load (including zero load), depending upon the circumstances prevailing at any given time. However any change in the load structure will be applicable on prospective investment only. The AMC may charge an exit load for switch of units from one plan/option to another plan/option within the Scheme and/or any other scheme of TMF depending upon the circumstances prevailing at any given time. The switchover load may be different for different plans/options.

Exit Load:

For applicability of load structure and NAV, switch-in will be considered as subscription and switch-out will be considered as redemption. Units issued on reinvestment of dividends shall not be subject to exit load.

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. As per SEBI circular SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 there shall be no exit load for all Mutual Fund schemes. Applicable Goods & Services tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of tax, if any, shall be credited to the scheme.

Entry Load:

Not Applicable, Pursuant to SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor.

Notes:

1) Brokerage & transaction costs (including tax) which are incurred for the purpose of execution of trade may be capitalised to the extent of 12bps and 5bps for cash market transactions and derivatives transactions respectively. GST on brokerage and transaction tax paid for execution of trades shall be within the limit prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996. Any payment towards brokerage and transaction cost, over and above the said 12 bps and 5bps for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.

2) AMC shall annually set apart at least 2 basis point on daily net assets for investor’s education and awareness initiatives.

3) The fund shall update the current expense ratios on the website (www.tatamutualfund.com) at least three working days prior to the effective date of the change. The exact web link for TER is https://www.tatamutualfund.com/expense-ratio as well as disclosure to be made on the website of AMFI in downloadable spreadsheet format.

C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. As per SEBI circular SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 there shall be no entry load for all Mutual Fund schemes. Applicable Goods & Services tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of tax, if any, shall be credited to the scheme.

Entry Load:

Not Applicable, Pursuant to SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor.

Exit Load: Nil

For applicability of load structure and NAV, switch-in will be considered as subscription and switch-out will be considered as redemption.

Units issued on reinvestment of dividends shall not be subject to exit load.

No exit load shall be charged for any switch between Regular Plan (i.e. existing plan) and Direct Plan where the transaction has been received without broker code in the Regular Plan. Switch from Regular Plan to Direct Plan shall be subject to applicable exit load where the transaction has been received with broker code in the Regular Plan.

The AMC reserves the right to change/modify exit / switchover load (including zero load), depending upon the circumstances prevailing at any given time. However any change in the load structure will be applicable on prospective investment only. The AMC may charge an exit load for switch of units from one plan/option to another plan/option within the Scheme and/or any other scheme of TMF depending upon the circumstances prevailing at any given time. The switchover load may be different for different plans/options.

As per SEBI circular dated. May 23, 2008, the mutual fund at the time of changing the load structure, the mutual funds may consider the following measures to avoid complaints from investors about investment in the schemes without knowing the loads:

- The addendum detailing the changes may be attached to Scheme Information Documents and Key Information Memorandum. The addendum may be circulated to all the distributors/brokers so that same can be attached to all Scheme Information Documents and Key information memoranda already in stock.
- The investor is requested to check the prevailing load structure of the scheme before investing. For any change in load structure arrangement may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centers and distributor/ brokers’ office.
- The introduction of the exit load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load.
• A public notice shall be given in respect of such changed in one English daily newspaper having nationwide circulation as well as in a newspaper publishes in the language of region where the Head office of Mutual Fund is situated.

D. TRANSACTION CHARGES

Pursuant to SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, transaction charge per subscription of Rs.10, 000/- and above be allowed to be paid to the distributors of the Tata Mutual Fund products. The transaction charge shall be subject to the following:

1. There shall be no transaction charges on direct investments.
2. For existing investors in a Mutual Fund, the distributor may be paid Rs.100/- as transaction charge per subscription of Rs.10, 000/- and above.
3. For first time investor in Mutual Funds, the distributor may be paid Rs.150/- as transaction charge for subscription of Rs.10, 000/- and above.
4. The transaction charge shall be deducted by the AMC from the subscription amount and paid to the distributor and the balance amount shall be invested.
5. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.
6. There shall be no transaction charge on subscription below Rs. 10,000/-.
7. In case of Systematic Investment Plan(s), the transaction charge shall be applicable only if the total commitment through SIPs amounts to Rs. 10,000/- and above. In such cases the transaction charge shall be recovered in first 3/4 successful installments.
8. There shall be no transaction charge on transactions other than purchases/ subscriptions relating to fresh/additional purchase.

The transaction charges would be deducted only in respect of those transactions where the concern distributor has opted for opt in for levying transaction charge. In case distributor has chosen ‘Opt Out’ of charging the transaction charge, no transaction charge would be deducted from transactions registered.

It may further be noted that distributors shall have also the option to either opt in or opt out of levying transaction charge based on type of the Product.

V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

This section contains the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. - NIL

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed. - NIL

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed. - NIL

4. Any pending material civil or criminal litigation incidental to the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately. - NIL

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed. - NIL

The contents of the Scheme Information Document including figures, data, yields, etc. have been checked and are factually correct.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

The Scheme covered under this Scheme Information Document was approved by the Trustee Company on 25th June, 2002. Further, in response to SEBI circular on Categorisation and Rationalisation of Schemes dated October 6, 2017, Trustees have approved the change in fundamental attributes of the scheme on 4th December 2017.

By order
Board of Directors
Tata Asset Management Limited

Place: Mumbai
Date: 20.05.2020

Authorised Signatory