

## KEY INFORMATION MEMORANDUM

# TATA

## FLOATING RATE FUND

(An open ended debt scheme investing predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives), A Relatively High Interest Rate Risk and Moderate Credit Risk).

(SCHEME CODE - TATA/O/D/FLF/21/04/0043)

Potential Risk Class			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		B-III	

This product is suitable for investors who are seeking\*:

- Regular Income by investing predominantly in a portfolio of floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps / derivatives)

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

Scheme Risk O Meter



RISK - O - METER  
Investors understand that their principal will be at Moderate Risk

Benchmark Risk O Meter



RISK - O - METER

(It may be noted that risk-o-meter specified above is based on the scheme characteristics. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis.)

Scheme Opened on	21.06.2021
Scheme Closed on	05.07.2021
Scheme Re-opened on	14.07.2021

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties and pending litigations, etc. investors should, before investment, refer to the Scheme Information Document (SID) and Statement of Additional Information (SAI) available free of cost at any of the Investor Service Centre's or distributors or from the website [www.tatamutualfund.com](http://www.tatamutualfund.com)

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

Name of the Mutual Fund  
Tata Mutual Fund

Name of the AMC  
Tata Asset Management Pvt. Ltd.  
CIN: U65990-MH-1994-PTC-077090

Offer for Units at  
NAV Based Prices upon reopening

1903, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai – 400 051

Call: (022) 6282 7777 (Monday to Saturday 9:00 am to 5:30 pm) Fax: (022) 22613782

E-mail: [service@tataamc.com](mailto:service@tataamc.com) Website: [www.tatamutualfund.com](http://www.tatamutualfund.com)

## INVESTMENT OBJECTIVE

The objective of the scheme is to generate income through investment primarily in floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and money market instruments.

However, there is no guarantee or assurance that the investment objective of the scheme will be achieved. The scheme doesn't assure or guarantee any returns.

## ASSET ALLOCATION

Under normal circumstances, the asset allocation of the Scheme will be as follows

Instruments	Indicative allocations (% of net assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Floating rate securities* (including fixed rate securities converted to floating rate exposures using swaps / derivatives)	65	100	Low to Medium
Fixed rate debt securities, securitized debt, money market instruments	0	35	Low to Medium
Units issued by REITs & InvITs	0	10	Medium to High

\* Floating rate securities include Floating rate Money Market Instruments.

Under normal circumstances at least 65% of the total portfolio will be invested in floating rate debt securities. This may be by way of direct investment in floating rate securities or fixed rate securities swapped for floating rate returns by using swaps/derivatives. Use of derivatives for other purpose (excluding hedge position) will be restricted to 30% of the net assets of the Scheme.

The scheme may invest upto 50% of the scheme's new assets in domestic securitised debt.

The scheme does not seek to invest in foreign debt securities.

The scheme will not participate in credit default swap.

The Scheme may undertake (i) repo/ reverse repo transactions in Corporate Debt Securities; (ii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

The scheme may invest in units of domestic mutual fund schemes including ETFs to the extent of 35% of the net assets, subject to the limits prescribed in clause 4 of Seventh Schedule of SEBI(Mutual Funds) Regulations 1996.

The scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter-scheme 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.

The Scheme may participate in repo in corporate debt securities. The gross exposure in repo in corporate debt securities will be restricted 10% of the net asset of the scheme.

The investment of mutual fund schemes in the Structured obligation and credit enhancements 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. These limits would be as per limit specified by SEBI from time to time.

The cumulative gross exposure through repo transactions in corporate debt securities along with other debt securities, REITs and InvITs and derivatives shall not exceed 100% 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.

The Scheme may indulge in 'Imperfect hedging' using IRFs upto maximum of 20% of the net assets of the scheme.

Not more than 20% of the net assets of the scheme can be deployed in stock lending.

The scheme may invest in any other assets/securities as may permitted by SEBI/RBI from time to time subject to SEBI/RBI approvals as may be required.

Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007 & SEBI/HO/IMD/DF4/CIR/P/2019/093 dated August 16, 2019 and SEBI/HO/IMD/DF2/CIR/P/2019/101 dt. September 20, 2019, as may be amended from time to time. Asset Management Company (AMC) will not charge investment management and advisory fees on funds which are parked in short term deposits of scheduled commercial banks.

#A mutual fund may invest in the units of REITs and InvITs subject to the following:

- (a) No mutual fund under all its schemes shall own more than 10% of units issued by a single issuer of REIT and InvIT; and
- (b) The scheme shall not invest –
  - i. more than 10% of its NAV in the units of REIT and InvIT; and
  - ii. more than 5% of its NAV in the units of REIT and InvIT issued by a single issuer.

Due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short term purpose only for defensive considerations and such deviation shall be subjected to 30 days rebalancing period.

Duration, Valuation, Yields, in case of perpetual bonds, debt instruments with special features, debt instruments with call/put options, floating rate bonds will be based on the method specified by SEBI or AMFI from time to time.

SEBI vide circular under reference SEBI/HO/IMD/DF2/CIR/P/2019/101 dated September 20, 2019 and SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/583 dated June 25, 2021 has mandated the open ended debt schemes (except Overnight Schemes and Gilt Schemes) shall hold minimum liquid assets in the schemes (i.e 20 % in case in case of Liquid Schemes and 10% in other schemes). In order to have uniform practices across, AMFI vide Best Practices Guidelines under reference 135/BP/93/2021-22 dated July 24, 2021, has prescribed detailed guidelines for maintenance of minimum liquid assets in the open ended debt schemes (except Overnight Schemes and Gilt Schemes).

As per AMFI Guidelines, these schemes are required to maintain following two ratios on an ongoing basis.

1. LR-RaR- Redemption at Risk
2. LR-CRaR – Conditional redemption at Risk

It shall be ensured that the liquid assets / eligible assets are maintained to the extent of the LR-RaR and LR-CRaR ratios. In case, the exposure in such liquid assets/eligible assets falls below the prescribed threshold levels of net assets of the Scheme, the AMC shall ensure that the LR-RaR and LR-CRaR ratios are restored to 100% of the required level(s) by ensuring that the net inflows (through net subscription /accruals /maturity & sale proceeds) into the scheme are used for restoring the ratios before making any new purchases outside 'Liquid Assets / Eligible Assets' as specified in the referred circular(s). In case the ratio remains below 10% for more than 15 consecutive days, then, this information will be highlighted to Trustees till such time said ratio is not restored to 100% of the requirement on weekly basis. Certain additional parameters such as concentration of an investor group / distributor, exit load features, taxation dynamics etc shall be monitored at scheme level.

Also, SEBI vide circular under reference September 27, 2021 the AMC should have policy in place on management of the mis-match in putative liabilities vis-à-vis the liquid assets of each scheme. AMC shall report the status of compliance with the liquidity risk management policy to the Board of AMC & Trustees at the frequency and format prescribed by AMFI/Trustees.

### Stress Testing

SEBI has also mandated AMC to have stress testing policy for open ended debt schemes. AMCs shall carry out the stress testing on following parameters

1. Interest Rate Risk
2. Liquidity Risk and
3. Credit Risk

AMFI in consultation with SEBI has prescribed detailed methodology to assess the above-mentioned risks under stress situation. The stress test analysis report shall be presented to the investment committee for its review. In case of threshold continues beyond breach of cure period, the same shall be reported to AMC Board and Trustees along with the corrective action.

Placement of the scheme in one of the cells of PRC matrix does not reflect the scheme holdings pertaining to the perpetual bonds with respect to the Modified Duration and maturity thresholds specified in SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 June 07, 2021, till the time such bonds are held by the scheme, for pre-existing holding of aforementioned perpetual bonds by debt schemes.

### Change in Investment Pattern

Pursuant to SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, the tentative portfolio break-up mentioned above with minimum and maximum asset allocation can be altered for a short-term period on defensive considerations. In this event where the asset allocation falling outside the limits specified in the asset allocation table due to defensive considerations, the Scheme will rebalance the portfolio within thirty (30) calendar days.

Pursuant to SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/39 dated March 30, 2022, in the event where the asset allocation is falling outside the limits specified in the asset allocation table due to passive breaches (occurrence of instances not arising out of omission and commission of AMC), the Scheme will rebalance the portfolio within thirty (30) business days. However, if market conditions do not permit the Fund Manager to rebalance the portfolio of the Scheme within the stipulated period of thirty (30) business days, justification in writing including details of efforts taken to rebalance the portfolio for the same shall be provided to the Investment Committee. The Investment Committee shall then decide on the course

of action and if they so desires can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. Further, compliances relating to disclosures etc. shall be adhered in line with the said circular.

In case the portfolio of schemes is not rebalanced within the aforementioned mandated plus extended timelines, AMC's shall:

- i. not be permitted to launch any new scheme till the time the portfolio is rebalanced.
- ii. not to levy exit load, if any, on the investors exiting such scheme.

AMC shall adhere to SEBI guidelines regarding the rebalancing of asset allocation norms as stipulated from time to time.

#### **Risk Profile of the Scheme**

Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:

#### **Scheme Specific Risk Factors:**

#### **Risk Factors for investing in floating rate instruments including fixed rate instruments converted to floating rate exposures using swaps/derivatives**

1. **Basis Risk (Interest Rate Movement):** During the life of floating rate security or a swap the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. This type of events may result in loss of value in the portfolio.
2. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions the spreads may move adversely or favourably leading to fluctuation in NAV.
3. In case of downward movement of interest rates, floating rate debt instruments may give a lower return than fixed rate debt instruments.

#### **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 internally by TAMPL. While at all times the Asset Management Company will endeavour that excessive holding/investment in certain securities of industries, sectors, etc. by the Scheme is avoided, the funds invested by the Scheme in certain securities of industries, sectors, etc. may acquire a substantial portion of the Scheme's investment portfolio and collectively may constitute a risk associated with non-diversification and thus could affect the value of investments. Reduced liquidity in the secondary market may have an adverse impact on market price and the Scheme's ability to dispose of particular securities, when necessary, to meet the Scheme's liquidity needs or in response to a specific economic event or during restructuring of the Scheme's investment portfolio. Furthermore, from time to time, the Asset Management Company, the Custodian, the Registrar, any Associate, any Distributor, Dealer, any Company, Corporate Bodies, Trusts, any Retirement and Employee Benefit Funds or any Associate or otherwise, any scheme / mutual fund managed by the Asset Management Company or by any other Asset Management Company may invest in the Scheme. While at all times the Trustee Company and the Asset Management Company will endeavour that excessive holding of Units in the Scheme among a few Unitholders is avoided, however, the funds invested by these aforesaid persons may acquire a substantial portion of the Scheme's outstanding Units and collectively may constitute a majority unitholder in the Scheme. Redemption of Units held by such persons may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemptions and this may impact the ability of other Unitholders to redeem their respective Units.

#### **Investment Risks:**

The value of, and income from, an investment in the Scheme can decrease as well as increase, depending on a variety of factors which may affect the values and income generated by the Scheme's portfolio of securities. The returns of the Scheme's investments are based on the current yields of the securities, which may be affected generally by factors affecting capital markets such as price and volume, volatility in the stock markets, interest rates, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, closure of the Stock Exchanges etc. Investors should understand that the investment pattern indicated, in line with prevailing market conditions, is only a hypothetical example as all investments involve risk and there is no assurance that the Scheme's investment objective will be attained or that the Scheme be in a position to maintain the model percentage of investment pattern particularly under exceptional circumstances.

Different types of securities in which the scheme would invest in, as mention in this SID, carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated. Zero coupon bonds

carry an additional risk, unlike bonds that pay interest throughout the period to maturity, zero coupon instruments/deferred interest bonds typically would not realise any cash until maturity. If the issuer defaults, the Scheme may not obtain any return on its investment.

The scheme may use techniques and instruments for efficient portfolio management and to attempt to hedge or reduce the risk of such fluctuations. However these techniques and instruments if imperfectly used have the risk of the scheme incurring losses due to mismatches particularly in a volatile market. The Fund's ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these techniques is dependent on the ability to predict movements in the prices of securities being hedged and movements in interest rates. There exists an imperfect correlation between the hedging instruments and the securities or market sectors being hedged. Besides, the fact that skills needed to use these instruments are different from those needed to select the Fund's / Scheme's securities. There is a possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an organised exchange. The use of these techniques involves possible impediments to effective portfolio management or the ability to meet repurchase / redemption requests or other short-term obligations because of the percentage of the Scheme's assets segregated to cover its obligations.

#### **Securitized 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 Securitized 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 pay outs 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 due to investors, investors in the Scheme may be exposed to a potential loss.

#### **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 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 risk 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.

#### **Counterparty Risk:**

This is the risk of failure of counterparty to the transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the scheme in case of counterparty default.

Derivatives carry the risk of adverse changes in the market price. The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Although for exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement however in OTC trades the possibility of settlement is limited.

#### **Risk associated with potential change in Tax structure**

This summary of tax implications given in the taxation section (Units and Offer Section III) is based on the current provisions of the applicable tax laws. This information is provided for general purpose only. The current taxation laws may change due to change in the 'Income Tax Act 1961' or any subsequent changes/amendments in Finance Act/Rules/Regulations. Any change may entail a higher outgo to the scheme or to the investors by way of securities transaction taxes, fees, taxes etc. thus adversely impacting the scheme and its returns.

#### **Risk factors for Structured Obligation and Credit Enhancement:**

The risk of investing in structured obligation is similar to risks associated with fixed income instruments. However, they carry following additional risks:

- **Liquidity Risk:** Typically the liquidity of structured obligations could be lower as compared to debt securities as the market for structured products is not very deep. Hence, they may carry higher liquidity risk.
- **Default Risk:** In case of default from this portfolio, there could be limited recourse available for recovery subject to the specific transaction terms and dependent on the legal terms. Hence they could carry higher default risk.
- **Credit enhancements are specified by Credit Rating Agencies.** However, the credit enhancement stipulated in a securitization transaction represents a limited loss cover only.
- **Counterparty risk associated with credit enhancement:** Credit enhancement can be provided by guarantee or cash collateral. For instance in case of guarantee, the investors are exposed to the credit quality risk of corporate entity providing the guarantee. Similarly, if the cash collateral is the fixed deposit of a financial institution, the investor is exposed to the credit risk associated with that financial institution.

#### **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. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments".

#### **Risks associated with exposure to Floating Rate Instruments**

The scheme has exposure to floating rate instruments and / or interest rate derivatives. The duration of these instruments is linked to the interest rate reset period. The interest rate risk in a floating rate instrument or in a fixed rate instrument hedged with derivatives is likely to be lesser than that in an equivalent maturity fixed rate instrument. Under some market circumstances the volatility may be of an order greater than what may ordinarily be expected considering only its duration. Hence investors are recommended to consider the unadjusted portfolio maturity of the scheme as well and exercise adequate due diligence when deciding to make their investments

#### **Risks associated with Segregated Portfolio**

- Investor holding units of segregated portfolio may not be 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.

#### **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 of Corporate Bond Securities**

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

- Corporate Bond Repo will be subject to 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 Imperfect Hedging using Interest Rate Futures (IRF)**

Liquidity/execution risk – IRF are relatively new instruments traded on the exchanges and don't have as much liquidity as the OTC market in the underlying bond. This could expose the hedge to liquidity (execution and wider bid-offer spread) risk and associated impact cost.

Spread risk – The IRF is based on government securities and treasury bills. Imperfect hedging can be applied on portfolios comprised of corporate bonds as well. Corporate bond yield theoretically comprises of the risk free rate and a credit spread. IRF would hedge out only the risk free rate. Any compression/expansion of credit spread of the underlying portfolio would not be hedged by the IRF.

Yield curve slope risk – The IRF hedge is done on a modified duration basis. This means that the maturity of the underlying instrument and the maturity of the IRF could be different. The hedge ratio is arrived at using the prescribed formula. This hedges the risk arising from a parallel shift in the yield curve. Any change in the slope of the yield curve (flattening/steepening) remains unhedged as residual risk.

Unwinding risk— An unexpected change in market conditions may require unwinding the derivative positions at disadvantageous prices during periods of heightened volatility e.g. if the yields slide lower due to a surprise RBI rate cut, participants with short Interest Rate Futures positions would seek to cut their losses and exit, leading to an increase in the price of the IRF, and negative price impact on the hedged portfolio there from.

Correlation risk – As per the extant regulation, the IRF has to have a 0.90 correlation coefficient with the underlying bond/portfolio, for the past 90 days, to be considered for imperfect hedging. If the correlation deteriorates going forward, the hedge may have to be rebalanced with attendant impact costs.

#### **Risk Factors Associated with Investments in REITs and InvITs:**

**Market Risk:** REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.

**Liquidity Risk:** As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.

**Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

**Regulatory/Legal Risk:** REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

#### **Risks associated with investment in units of domestic mutual fund:**

Investment in Mutual Fund Units involves investment risks, including but not limited to risks such as liquidity risk, volatility risk, default risk including the possible loss of principal.

Liquidity risk – The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the right to limit redemptions will be in accordance with SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2016/57 dated May 31, 2016.

Volatility risks: There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The scheme will manage volatility risk through diversification across companies and sectors.

Default risk - Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

#### **WHERE WILL THE SCHEME INVEST**

The corpus of the Scheme will be invested in various types of debt and money market instruments (including but not limited to) such as:

##### **I. Debt & Money Market Instruments**

1. Certificate of Deposits (CDs)
2. Commercial Paper (CPs)
3. Treasury Bills (T-Bills)

4. Triparty Repo
5. Central Government/State Government securities created and issued by the Central Governments and/or State Governments as may be permitted by RBI, securities guaranteed by the Central Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills). Such securities could be fixed rate, fixed interest rate with put/call option, zero coupon bond, floating rate bonds, capital indexed bonds, fixed interest security with staggered maturity payment etc.
6. Non-convertible Floating Rate as well as fixed rate Debentures as well as bonds issued by companies / institutions promoted / owned by the Central Governments and statutory bodies, which may or may not carry a Central Government guarantee, public and private sector banks, all India financial institutions, private sector companies. These instruments may be secured or unsecured against the assets of the Company and generally issued to meet the short term and long-term fund requirements. These instruments include fixed interest security with/without put/call option, floating rate bonds, zero coupon bonds.
7. Floating rate debt instruments issued by Central Government, corporates, PSUs etc. with coupon reset periodically. The Fund Manager will have the flexibility to invest the debt component into floating rate debt securities to reduce the impact of rising interest rate in the economy.
8. Repo (Repurchase Agreement) or Reverse Repo
9. Securitized Debt (SD)/Pass Through Certificate (PTC).
10. Debt derivative instruments like Interest Rate Futures (IRFs), Interest Rate Options (including Call and Put options), Interest Rate Swaps.
11. Bill Rediscounting (BRDs) is the rediscounting of trade bills which have already been discounted by banks with their customers. BRDS is an approved money market instrument of tenure less than 90 days and are issued by banks as per the applicable RBI guidelines. These instruments may supplement other short-term investments.
12. Other debt instruments as may be permitted by SEBI from time to time.

#### **II. Real Estate Investment Trusts (REITs) & Infrastructure Investment Trusts (InvITs)**

#### **III. Units of Domestic Mutual Fund Schemes**

The above lists are illustrative and not the exhaustive and may include other money market securities as may be available / introduced in the market.

#### **Repo in Corporate Debt Securities**

The scheme may participate in Repo in Corporate Debt Securities in accordance with the relevant circular issued by SEBI or RBI from time to time. 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.

Guidelines specified by RBI and SEBI 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 other debt securities, REITs and InvITs 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/income distribution 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.

Fresh investment in perpetual bonds (including additional Tier 1 bonds) can only be made in scheme, as it is placing itself in Class III of the Potential Risk Matrix (PRC).

Investments may be made in instruments, which, in the opinion of the Fund Manager, are of an acceptable credit risk and chance of default is minimum. The Fund Manager will generally be guided by, but not restrained by, the ratings announced by various rating agencies on the assets in the portfolio.

#### **INVESTMENT STRATEGIES**

The scheme proposes to invest predominantly in floating interest rate securities, fixed interest rate securities swapped for floating rate returns. The scheme may also invest a part of the portfolio in fixed rate debt securities and money market instruments. The aim of the investment strategy will be to allocate the assets of the scheme between various fixed interest rate securities and floating interest rate securities and use derivatives like swaps and Forward Rate Agreements (FRA) effectively with the objective of achieving stable returns in the short as well as long term.

The security will be identified based on various parameters such as issuer's credit rating history, financial track record of the issuer, corporate governance track record of the issuer, liquidity of the security, maturity of the security, interest rate scenario etc.

## PLANS AND OPTIONS

The Scheme has the following Plans across a common portfolio:

**Regular Plan:** This Plan is for investors who wish to route their investment through any distributor.

**Direct Plan:** This Plan is only for investors who purchase /subscribe units in a scheme directly with the Fund and is not available for investors who route their investments through a Distributor.

### Regular Plan (For applications routed through Distributors):

The Scheme has following options:

- Growth Option
- Monthly Payout of Income Distribution Cum Capital Withdrawal Option (IDCW-Monthly Payout)
- Quarterly Payout of Income Distribution Cum Capital Withdrawal Option (IDCW-Quarterly Payout)
- Periodic Payout of Income Distribution Cum Capital Withdrawal Option (IDCW-Periodic Payout)
- Monthly Reinvestment of Income Distribution Cum Capital Withdrawal option (IDCW-Monthly Reinvestment)
- Quarterly Reinvestment of Income Distribution Cum Capital Withdrawal option (IDCW- Quarterly Reinvestment)
- Periodic Reinvestment of Income Distribution Cum Capital Withdrawal Option (IDCW-Periodic Reinvestment)

### Direct Plan (For applications not routed through Distributors)

The Scheme has following options:

- Growth Option
- Monthly Payout of Income Distribution Cum Capital Withdrawal Option (IDCW-Monthly Payout)
- Quarterly Payout of Income Distribution Cum Capital Withdrawal Option (IDCW-Quarterly Payout)
- Periodic Payout of Income Distribution Cum Capital Withdrawal Option (IDCW-Periodic Payout)
- Monthly Reinvestment of Income Distribution Cum Capital Withdrawal Option (IDCW-Monthly Reinvestment)
- Quarterly Reinvestment of Income Distribution Cum Capital Withdrawal Option (IDCW- Quarterly Reinvestment)
- Periodic Reinvestment of Income Distribution Cum Capital Withdrawal Option (IDCW-Periodic Reinvestment)

Monthly Payout of Income Distribution Cum Capital Withdrawal (IDCW-Monthly Payout) Option will be default frequency.

**Default Option:** Investor should appropriately tick the 'option' Growth or Payout of Income Distribution cum capital withdrawal option, Reinvestment of Income Distribution cum capital withdrawal option in the application form while investing in the Scheme. If no option is mentioned / indicated in the application form by the investor then the units will, by default, be allotted under the Direct Plan- Growth Option. If no income distribution cum capital withdrawal (IDCW) sub-option is mentioned / indicated in the application form by the investor then the units will, by default, be allotted under the Monthly Reinvestment of Income Distribution cum capital withdrawal option (IDCW- Monthly Reinvestment).

**Default Plan:** Investors are requested to note the following scenarios for the applicability of "Direct Plan (application not routed through distributor) or Regular Plan (application routed through distributor)" for valid applications received under the scheme:

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct Plan	Direct Plan
3	Not mentioned	Regular Plan	Direct Plan
4	Mentioned	Direct Plan	Direct Plan
5	Direct Plan	Not Mentioned	Direct Plan
6	Direct Plan	Regular Plan	Direct Plan
7	Mentioned	Regular Plan	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

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.

## APPLICABLE NAV

### (AFTER THE SCHEME OPENS FOR REPURCHASE)

#### Applicable NAV for Subscription / Switch-in: Cut Off Timing 3.00 pm

Application	Applicable NAV
Valid applications received (time-stamped) upto 3.00 p.m. and where the funds for the entire amount are available for utilization before the cut-off time i.e. credited to the bank account of the scheme before the cut-off time	The closing NAV of the same day.
Valid applications received (time-stamped) after 3.00 p.m. and where the funds for the entire amount are credited to the bank account of the scheme either on the same day before the cut-off time of the next Business Day i.e. available for utilization before the cut-off time of the next Business Day	The Closing NAV of the next Business day
Valid applications received (time-stamped) upto 3.00 p.m. and where the funds for the entire amount are credited to the bank account of the scheme after the cut-off time of the Business Day i.e. available for utilization after the cut-off time of the Day.	The Closing NAV of the next Business day
Where the application is time stamped any day before the credit of the funds to the scheme but the funds for the entire amount are credited to the bank account of the scheme before the cut-off time on any subsequent Business Day i.e. available for utilization before the cut-off time on such subsequent Business Day.	The closing NAV of such subsequent Business Day on which funds are available for utilization

Realisation of funds means funds available to the AMC Scheme/Pool Account and not date and time of debit from Investor's account.

In case application is time stamped after cut off timing on any day, the same will be considered as deemed to be received on the next business day.

In case funds are realised after cut-off timing on any day, the same will be considered as deemed to be realised / available for utilisation on the next business day.

#### For Switch-ins including Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) of any amount:

For determining the applicable NAV, the following shall be ensured:

- Application for switch-in is received before the applicable cut-off time.
- Funds for the entire amount of subscription / purchase as per the switch-in request are credited to the bank account of the Scheme before the cut-off time, and the funds are available for utilization before the cut-off time.
- In case of switch/STP transactions, funds will be made available for utilization in the switch-in- scheme based on the redemption payout cycle of the switch out

**Scheme Redemption /Switch Out:** In respect of application received upto 3 p.m., closing NAV of the day of receipt of application shall be applicable and in respect of application received after 3 p.m. closing NAV of next business day.

Outstation cheques/demand drafts will not be accepted.

**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.**

#### MINIMUM APPLICATION AMOUNT / NUMBER OF UNITS UNDER EACH PLAN

**Minimum subscription amount:** Rs 5,000/- and in multiple of Re.1/- thereafter.

**Additional Purchase:** Rs.1000/- & in multiples of Re.1/- thereafter.

Minimum Redemption amount will be Rs.500 or 50 units or folio balance whichever is lower.

#### Switch during NFO:

In case of investors opting to switch into the Scheme from existing Schemes of Tata Mutual Fund (Subject to completion of lock in period, if any) during the New Fund Offer period, the minimum amount is Rs. 5,000/- and in multiple of Re.1/- thereafter.

**There is no minimum amount requirement, in case of investors opting to switch "all units" from any existing schemes of Tata Mutual Fund to this Scheme.**

## DESPATCH OF REDEMPTION CHEQUE

The redemption or repurchase proceeds of the Scheme will be despatched to the unit holders within 3 business/working days from the date of acceptance of redemption or repurchase request. In case of failure to despatch redemption proceeds within 3 business/working days, the AMC shall be liable to pay interest to the Unit Holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

In accordance to SEBI circular no. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022 and AMFI circular no. AMFI/ 35P/ MEMCOR/ 74 / 2022-23 dated January 16, 2023, in exceptional situations mentioned below, the scheme shall be allowed additional timelines for transfer of redemption or repurchase proceeds to the unitholder:

Exceptional Situations	Additional Timelines Allowed
<p>Payment of redemption proceeds through physical instruments (cheque / DD) where electronic fund transfer is not possible (such as old / non-Core Banking account / IFSC non-available records / IMPS failed records for reasons like name mismatch*, technical error / Investor Bank not participating in Electronic Fund transfers or failure of electronic credit for any reason which are at the bank's end.</p> <p>* Name mismatch typically occurs where the bank account is held jointly, but the 1st holder in MF Folio may not be first holder in the bank account or the investor's name in MF folio and his/her bank account may not be exactly identical e.g., MF folio is held by A+B, but the bank account is in the name of B +A; OR the name as per bank a/c &amp; MF folio are recorded a bit differently e.g.,</p> <p>(i) Given Name + Middle Name + Surname</p> <p>(ii) Given Name + Surname</p> <p>(iii) Surname + Given Name etc.</p> <p>Note: When payment is made through cheque / DD, the investor's bank account details registered with the RTA shall be printed on the cheque/DD, so that the amount is paid only through the investor's bank account to mitigate the risk of fraudulent encashment.</p>	<p>Additional 2 working days</p>
<p>Redemption in case of funds where payout schedule of underlying instruments/ funds is different e.g., Domestic Fund of Funds, Overseas funds, Overseas FOF scheme, wherein the redemption proceeds can be paid after 1 day of payout schedule</p>	<p>Additional 1 working day after receiving proceeds from underlying instruments/ schemes for electronic payouts.</p> <p>{For physical payouts, i.e., issuance and dispatch of cheque/ DD, additional days as per (i) above would also be allowed, after receiving proceeds from underlying instruments/ schemes}.</p> <p>For example, in case of Domestic FoFs, where funds are received on T+3 days, timeline applicable would be -</p> <p>a) T+4 days for Electronic payment; and</p> <p>b) T+6 days physical payout.</p>
<p>On such days, where it is a bank holiday in some or all the states, but a business day for the stock exchanges.</p>	<p>Additional 1 working day following the bank holiday(s) in the State where the investor has bank account.</p>
<p>Exceptional circumstances such as a sudden declaration of a business day as a holiday (as it happened on the day the famous singer Lata Mangeshkar passed away) or as a non-business day due to any unexpected reason / Force Majeure events.</p>	<p>In all such exceptional situations, the timelines prescribed in SEBI circular dated November 25, 2022 shall be counted from the date the situation becomes normal.</p>

Exceptional Situations	Additional Timelines Allowed
<p>In all such cases where a request for Change of Bank account has been received just prior to (upto 10 days prior) OR simultaneously with redemption request.</p>	<p>In all such cases, the AMCs / RTAs can make the redemption payment after the cooling off period of 10 days from the date of receipt of COBM.</p> <p>The redemption transaction shall be processed as per the applicable NAV on the basis time stamp.</p> <p>The credit may either be given in the existing bank account or the new bank account post due diligence within 1 working day after cooling off period.</p>
<p>Need for additional due diligence in instances such as Transmission reported in one fund, but not in the current fund, proceedings by Income Tax authorities, Folio under lock/bank lien etc.</p>	<p>Additional 3 working days</p>

## BENCHMARK INDEX

CRISIL Short Term Bond Index

## INCOME DISTRIBUTION CUM CAPITAL WITHDRAWAL POLICY

### Growth Option:

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

### Payout of Income Distribution cum capital withdrawal option

The profits received / earned and so retained and reinvested may be distributed as Income at appropriate rates (after providing for all relevant ongoing expenses, etc.) and at appropriate intervals as may be decided by the AMC and/or Trustee Company. It will be distributed to the unitholders who hold the units on the record date of declaration of the Income.

Investor shall note that when units are sold, and sale price (NAV) is higher than face value of the unit, a portion of sale price that represents realized gains shall be credited to an Equalization Reserve Account and which can be used to pay income distribution. Hence income distribution amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains.

Please note that the income distribution and its frequency is subject to availability of distributable surplus and at the discretion of the trustees

The Fund does not assure any targeted annual return / income nor any capitalisation ratio. Accumulation of earnings and the consequent determination of NAV, may be suspended temporarily or indefinitely under any of the circumstances as stated in the clause "Suspension of Ongoing Sale, Repurchase or Switch out of Units".

### Compulsory Reinvestment of Income Distribution cum capital withdrawal option

In order to reduce the expenses of the scheme and also for the convenience of the investors, in case of income distribution cum capital withdrawal (IDCW) payout amount is Rs 100/- or less, then the same shall be compulsorily reinvested in the same sub- option at ex-dividend NAV for unitholders of non-electronic mode. Where the option to payout of IDCW is available in electronic mode, the IDCW amount shall be paid to the Unit holders.

### NAME OF THE FUND MANAGER

Akhil Mittal (managing since 7th July'2021)

### NAME OF THE TRUSTEE COMPANY

Tata Trustee Co Pvt Ltd

### PERFORMANCE OF THE SCHEME

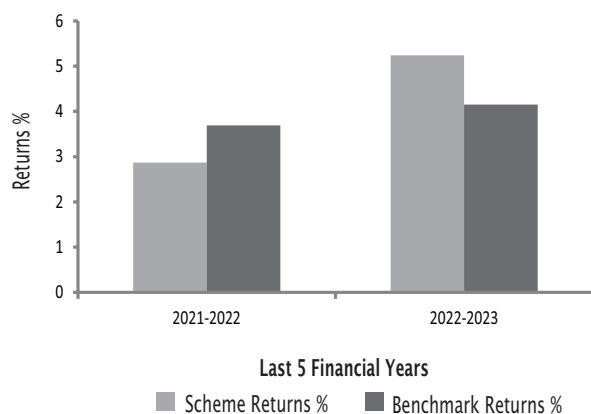
#### Scheme Performance as on 31.03.2023

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for last 1 year	5.24	4.16
Returns for last 3 years	NA	NA
Returns for last 5 years	NA	NA
Returns since inception	4.48	4.55

#### Absolute Returns for the Last 5 Financial Years

Year to Year	Scheme Returns (%)	Benchmark Returns (%)
2018-2019	NA	NA
2019-2020	NA	NA
2020-2021	NA	NA
2021-2022	2.87	3.69
2022-2023	5.24	4.15

**Inception date: 7 July 2021. Returns are given for Regular Plan- Growth option. Past performance of the scheme may or may not be sustained in future.**



#### Top 10 holdings by issuer as on 31.03.2023

Issuer Name	% of AUM*
VARANASI SANGAM EXPRESSWAY PVT. LTD.	15.23
REC LTD.	12.00
SDL KARNATAKA STATE GOVERNMENT	11.70
SHRIRAM FINANCE LTD.	9.69
POWER FINANCE CORPORATION	9.59
ICICI HOME FINANCE CO.LTD.	7.22
HERO FINCORP LTD.	7.22
NABARD	7.20
YARROW INFRASTRUCTURE PVT LTD.	6.47
SDL ANDHRA PRADESH STATE GOVERNMENT	4.89

#### \*Debt Securities

The fortnightly/monthly portfolio of the Scheme shall be available in a user-friendly and downloadable format on the [www.tatamutualfund.com](http://www.tatamutualfund.com).

#### Funds Allocation towards various sectors as on 31.03.2023

Sectors	% of AUM
Financial Services	52.93
Sovereign	19.02
Construction	15.23
Power	6.47

**Portfolio Turnover Ratio:** 0.83 times as on 31.3.2023.

#### EXPENSES OF THE SCHEME

##### (i) Load Structure

Entry Load: Nil. (Entry Load is not applicable, w.e.f. August 01, 2009)

Exit Load: Nil

Bonus units and units issued on reinvestment of IDCW shall not be subject to exit load.

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

The AMC reserves the right to change/modify exit load, depending upon the circumstances prevailing at any given time. However, any change in the load structure will be applicable on prospective investment only. At the time of changing the load structure, the AMC will adopt the following measures:

- 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.

##### (ii) Annual Recurring expenses

Actual Expenses % to daily net assets for the F.Y. 2022-2023		
	Direct Plan	Regular Plan
Tata Floating Rate Fund	0.30%	0.74%

In addition to above, the investor should refer website of Tata Mutual Fund for the latest expense ratio of the schemes.

Note: Actual expenses is inclusive of additional limit as specified in sub-regulation (6A) (b) & (c) of regulation 52 of SEBI (Mutual Funds) Regulations'1996 and Goods and Service Tax on investment management fees.

Illustration of impact of expense ratio on scheme return:

Particulars	Regular Plan	Direct Plan
Amount Invested (Rs)	10,000	10,000
Gross Returns-assumed	7%	7%
Closing NAV before expenses (Rs.)	10,700	10,700
Expenses (Rs)		
· Expenses Other than Distribution expenses	50	50
· Distribution Expenses	50	NIL
Total NAV after charging expenses (Rs)	10,600	10650
Net returns to investor	6.00%	6.50%

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.

##### (iii) Fees and Expenses

The maximum recurring expenses of the scheme is estimated below:

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

\* Excluding GST (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.

All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of AMC, its associate, sponsor, trustees or any other entity through any route in terms of SEBI circulars, subject to the clarifications provided by SEBI to AMFI vide letter dated February 21, 2019 on implementation of SEBI Circular dated October 22, 2018 on Total Expense Ratio (TER) and performance disclosure for Mutual Fund.



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%
- d) on the next Rs.3000 crores of the daily net assets : 1.35%
- e) on the next Rs.5000 crores of the daily net assets : 1.25%
- f) On the next Rs. 40000 crores of the daily net assets: total expense ratio reduction of 0.05% for every increase of Rs.5000 crores of daily net assets or part thereof.
- g) on the balance of the assets : 0.80%

\*\* in addition to the above the scheme may charge additional limit of 0.05% (The AMC shall not charge additional expenses under Regulation 52(6A)(c) in case exit load is not levied/ not applicable) specified in sub regulation (6A) (c) of Regulation 52 of SEBI (Mutual Funds) Regulations, 1996 excluding tax on investment management & advisory fees and expenses not exceeding of 0.30 per cent of daily net assets as stated in regulation 6A(b) of SEBI ( Mutual Funds) Regulation, 1996

^ Expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities as specified by SEBI from time to time are at least:

- (i) 30 per cent of gross new inflows in the scheme, or;
- (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis:

Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities:

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

Additional TER can be charged based on inflows only from retail investors ( i.e other than corporates and institutions) from B 30 cities as defined in the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/42 March 25, 2019. Retail Investor means transaction from individual investors where inflow is upto Rs. 2,00,000/- per transaction.

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 cost 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 atleast 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](http://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>.

#### 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 SIPs, 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 3 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 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.

**How the fund is different from other existing schemes of Tata Mutual Fund:**

Tata Floating Rate Fund, an open ended debt scheme investing predominantly in floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and money market instruments.

Below mentioned is the comparison of this fund with other existing schemes of Tata Mutual Fund:

Scheme Name	Comparison with existing schemes of Tata Mutual Fund	AUM (Rs. Crore) as on 31.3.2023	No of Folios as on 31.03.2023
<b>Tata Treasury Advantage Fund (The scheme had one segregated portfolio)</b>	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. <b>At present we do not have other similar scheme.</b>	2409.25	7562
<b>Tata Short Term Bond Fund (The scheme had one segregated portfolio created under Tata Corporate Bond Fund)</b>	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. <b>At present we do not have other similar scheme.</b>	2152.33	10969
<b>Tata Gilt Securities Fund</b>	An open ended debt fund predominantly invest in Government Securities(80%-100%). The Scheme can invest predominantly in Gilt Securities of varied maturities and there is no cap or floor on maturity of Gilt Security. <b>At present we do not have other similar scheme.</b>	296.45	1651
<b>Tata Money Market Fund</b>	An open ended Money market scheme. As per the terms of the Scheme Information Document (SID), the scheme will invest 100% of its net assets in Money Market Instruments having residual maturity upto1 year. The Primary objective of the Scheme is to generate returns with reasonable liquidity to the unitholders by investing in money market instruments. <b>At present we do not have other similar scheme.</b>	8268.69	11713
<b>Tata Ultra Short-Term Fund</b>	An open ended ultra-Short-term Debt Scheme. As per the terms of the scheme information document (SID), the scheme will invest 100% of its net assets in debt & money market instrument such that the Macaulay Duration of the portfolio is between 3 months - 6 months. The Primary objective of the scheme is to generate regular returns over short term to the unitholders. <b>At present we do not have other similar scheme.</b>	1286.07	19616

Scheme Name	Comparison with existing schemes of Tata Mutual Fund	AUM (Rs. Crore) as on 31.3.2023	No of Folios as on 31.03.2023
<b>Tata Overnight Fund</b>	An open ended Debt scheme investing in Overnight Securities. As per the terms of the scheme information document (SID), The scheme will invest 100% of its net assets in debt and money market instruments having maturity of up to 1 business day. The primary objective of the scheme is to generate reasonable returns in line with overnight rates and high liquidity over short-term to the unit holders. <b>At present we do not have other similar scheme.</b>	3177.94	3002
<b>Tata Liquid Fund</b>	An Open Ended Liquid Fund scheme. The Scheme can invest 100 % of its net assets in debt and money market instruments having maturity upto 91 days. <b>At present we do not have other similar scheme in the liquid Fund Category.</b>	19166.68	36371
<b>Tata Banking &amp; PSU Debt Fund</b>	An open-ended debt scheme investing predominantly in debt & money market securities issued by Banks, Public Sector Undertakings (PSUs), Public Financial Institutions (PFIs) and Municipal Bonds. <b>At present we do not have other similar scheme.</b>	263.44	4474
<b>Tata Floating Rate Fund</b>	An open-ended debt scheme investing predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/ derivatives) <b>At present we do not have other similar scheme.</b>	208.17	5642
<b>Tata Corporate Bond Fund(The scheme had one segregated portfolio created under Tata Medium Term Fund)</b>	An open-ended debt scheme predominantly investing in AA+ & above rated corporate bonds, with flexibility of any Macaulay Duration & relatively high interest rate risk & moderate credit risk. <b>At present we do not have other similar scheme</b>	609.31	10282

## TAX TREATMENT

### 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 dividend distribution tax and instead introduced taxing of income from mutual fund units in the hands of the unitholders.

Type of Investor	Withholding tax rate
Resident	10%*
NRI	20%**

\* Tax not deductible if dividend income in respect of units of a mutual fund is below Rs. 5,000 in a financial year.

\*\* The base tax is to be further increased by surcharge.

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

<Note>: As per Finance Act, 2023, the capital gains from sale of non-equity oriented fund with investment of less than or equal to 35% in equity instruments would be charged as short term capital gains regardless of period of holding. This would be applicable for investments in non-equity oriented funds made by the assessee on or after 1<sup>st</sup> April 2023.

\$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.

In case total income includes income by way of dividend on shares and short-term capital gains on units of equity oriented mutual fund schemes and long-term capital gains on mutual fund schemes, the rate of surcharge on the said type of income not to exceed 15%.

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

@ 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.

^^^^ This lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfillment of certain conditions as provided in section 115BAB.

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.

As per section 139AA of the Income tax Act, 1961 ('the Act') read with rule 114AAA of the Income-tax Rules, 1962, in the case of a resident person, whose PAN has become inoperative due to non linking of PAN with Aadhaar, it shall be deemed that he has not furnished the PAN and tax could be withheld at a higher rate of 20% as per section 206AA of the Act.

The Central Board of Direct Taxes (CBDT) has declared that the Aadhaar card and PAN can now be linked with a penalty until March 31, 2023. PAN can be linked with Aadhaar starting April 1, 2022, according to the CBDT, with a punishment ranging from Rs 500 to Rs 1000.

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.

### Stamp Duty

With effect from 1st July 2020 a stamp duty @ 0.005% of the transaction value would be levied on mutual fund investment transactions. Accordingly, the number of units allotted on purchases, switch-ins, SIP/STP installments and including income distribution reinvestment to the unitholders would be reduced to that extent.

**As per The Finance Act, 2020: Provisions in relation to segregated portfolios of a mutual fund scheme are as follows -**

In section 2 in clause (42A) of the Income Tax Act, the following amendment has been made "(hh) in the case of a capital asset, being a unit or units in a segregated portfolio referred to in sub-section (2AG) of section 49, there shall be included the period for which the original unit or units in the main portfolio were held by the assessee;"

In section 49 of the Income-tax Act, after sub-section (2AF), the following has been inserted, namely:--

(2AG) The cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears, to the cost of acquisition of a unit or units held by the assessee in the total portfolio, the same proportion as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios.

(2AH) The cost of the acquisition of the original units held by the unit holder in the main portfolio shall be deemed to have been reduced by the amount

as so arrived at under sub-section (2AG).

Explanation—For the purposes of sub-section (2AG) and sub-section (2AH), the expressions “main portfolio”, “segregated portfolio” and “total portfolio” shall have the meanings respectively assigned to them in the circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160, dated the 28th December,

2018, issued by the Securities and Exchange Board of India under section 11 of the Securities and Exchange Board of India Act, 1992. Clause (42A) of section 2 defines the expression “short term capital asset” to be a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer.

If the unit or units in a segregated portfolio are held for 36 months from the original date of acquisition of units in the Main portfolio then the same will constitute ‘short term capital assets’ and any capital gains arising therefrom shall be considered as ‘short term capital gain’. On the contrary, if the unit or units in a segregated portfolio are held for more than 36 months from the original date of acquisition of units in the Main portfolio then the same will constitute ‘long term capital assets’ and any capital gains arising therefrom shall be considered as ‘long term capital gain’.

However, The allotment of units in a segregated portfolio of a mutual fund scheme shall not be considered as ‘Transfer’ under section 47 of the Income Tax Act, 1961.

These amendments are applicable from AY 2020-21.

#### Example:

Suppose Mr. X had invested in a scheme of a mutual fund on 01-01-2015 when the NAV was Rs. 10. On May 1, 2019, when NAV of the scheme was Rs. 20, segregation of portfolio was created due to a credit event.

Post creation of the segregated portfolio, the NAV of the main portfolio was Rs. 16 and the segregated portfolio was Rs 4. Hence, the proportion is

80:20 of the total portfolio. The cost of acquisition of the main portfolio and the segregated portfolio should be taken as Rs. 8 and Rs. 2 respectively.

Similarly, the period of holding the units of the main portfolio and the segregated portfolio should be reckoned from 1st January 2015.

**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.**

#### Portfolio Disclosures / Half Financial Results

##### Portfolio Disclosure:

The Fortnightly/ Monthly portfolio of the Scheme shall be available in a user-friendly and downloadable format on the [www.tatamutualfund.com](http://www.tatamutualfund.com) on or before the fifth/tenth day of succeeding month.

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 newspapers, one each in English and Hindi, disclosing the hosting of the half yearly statement of the schemes portfolio on the AMC's website [www.tatamutualfund.com](http://www.tatamutualfund.com) and on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)). Tata Mutual Fund will provide physical copy of the statement of scheme portfolio without any cost, on specific request received from a unitholder.

**Unaudited Financial Results:** Tata Mutual Fund/ Tata Asset Management Pvt Ltd shall within one month from the close of each half year, that is on 31st March & on 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 Pvt Ltd shall publish an advertisement disclosing the hosting of such financial results on their website, in at least one English daily newspaper having nationwide circulation & in a newspaper having wide circulation published in the language of the region where the Head Office of the fund is situated.

#### PUBLICATION OF DAILY NET ASSET VALUE (NAV)

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](http://www.tatamutualfund.com)) & of the Association of Mutual Funds in India-AMFI ([www.amfiindia.com](http://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:

Assumed NAV Rs. 11.00 per unit Entry Load: NIL

Exit Load 1%

Sale Price = NAV + (Entry Load (%) \* NAV) Sale Price = 11 + (0% \* 11)

Sale Price = 11 + 0 Sale Price = Rs. 11/- Repurchase Price

Repurchase Price = NAV - (exit load (%) \* NAV) Repurchase Price = 11 - (1%\*11)

Repurchase Price = 11 - 0.11 Repurchase Price = Rs.10.89

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 Trustees may temporarily suspend determination and / or publication of the NAV of the Units.

While determining the price of the units, the fund will ensure that the repurchase price is not lower than 95 per cent of the Net Asset Value.

#### FOR INVESTOR GRIEVANCES PLEASE CONTACT

**Registrar:** Computer Age Management Services Ltd., No. 178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai 600 034. G Sathyanarayanan / Venkatesh Pai Tel. No. 044 - 3911 5563, 3911 5565, 3911 5567 Fax 28283 613 [camslb1@camsonline.com](mailto:camslb1@camsonline.com)

**AMC Office:** Ms. Kashmira Kalwachwala, Tata Asset Management Pvt. Ltd. (Investment Manager for Tata Mutual Fund) Mulla House, Ground Floor, M.G. Road, Fort, Mumbai - 400 001. Call: (022) 6282 7777 (Monday to Saturday 9:00 am to 5:30 pm), Fax: 22613782, Email: [enq\\_T@camsonline.com](mailto:enq_T@camsonline.com), Website: [www.tatamutualfund.com](http://www.tatamutualfund.com)

**Investment Manager: Tata Asset Management Pvt. Ltd.,** 1903 B Wing Parinee Crescenzo G Block BKC Bandra East, Mumbai - 400 051, Telephone. (022) 6282 7777 (Monday to Saturday 9:00am to 5:30pm), Fax: (022) 66315194. Email: [service@tataamc.com](mailto:service@tataamc.com)

#### UNITHOLDERS' INFORMATION

##### Account Statement:

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 by way of a physical account statement and/or an e-mail to the investor's registered address/email address not later than five business days from the date of subscription.

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 as per the specified timeline specified by board at 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 on or within fifteenth day of the succeeding 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 on or within fifteenth day of the succeeding 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, as per the specified timeline specified by board 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 on or within twenty first day of the succeeding month. 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 the half-year period against the concerned investor's total investments in each mutual fund scheme. The term "commission" here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by Tata AMC/MF to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Services Tax (wherever applicable, as per existing rates), operating expenses, etc.
- b. The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

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 schemes 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 schemes of Tata Mutual Fund either physically or electronically. The list of POS of MFUI is published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com)

MFCentral has been appointed as Official Point of Acceptance for Tata Mutual Fund Schemes.

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.

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 MFUI and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents 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 MFUI. Investors are requested to visit the website of MFUI i.e. [www.mfuindia.com](http://www.mfuindia.com) to download the relevant forms.

For any queries or clarifications related to MFUI, 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](mailto:clientservices@mfuindia.com)

Pursuant to Association of Mutual Funds in India (AMFI) Best Practices Guidelines Circular No. 48/2014-15 dated June 24, 2014 on the process for dealing with applications where the scheme name in the Application Form / Transaction Slip & payment instrument differs has been standardized.

In case of fresh/additional purchases, if the name of a particular Scheme on the application form/transaction slip differs from the name of the scheme on the Payment instrument, the application will be processed & units allotted at applicable NAV of the scheme mentioned in the application form / transaction slip duly signed by investor(s).

Tata Asset Management Pvt Ltd. (AMC) reserves the right to call for other additional documents as may be required, for processing such transactions. The AMC also reserves the right to reject such transactions.

The AMC thereafter shall not be responsible for any loss suffered by the investor due to the discrepancy in the scheme name mentioned in the application form/transaction slip and payment instrument.

SEBI Circular dated Sept 13, 2012 has directed mutual funds to capture the unique identity number (EUIIN) of the employee/sales person of the distributor interacting with the investor for the sale of mutual funds products in addition to the valid AMFI registration number (ARN) code of the distributor, ARN code of the sub broker. In the interest of the investors it is urged to ensure that the box/space provided for EUIIN number, ARN code for distributor and ARN code of the sub broker in the application form to be properly filled up. It is out-most important to provide the EUIIN number particularly in advisory transactions, which will assist in tackling the problem of mis-selling even if the employee/relationship manager/ sales person on whose advice the transaction was executed leaves the employment of the distributor or his/her sub broker.

The Fund will disclose details of the investor's account and all his transactions to the intermediaries whose stamp appears on the application form. In addition, the fund will disclose details as necessary, to the Fund's and investor's bankers, for the purpose of effecting payments to the investor. Further, investors' may also be disclosed to Government Authorities such as income tax authorities, SEBI, etc.

The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&T.

**Portfolio Disclosure:** Tata Mutual Fund will disclose portfolio (along with ISIN) in user friendly & downloadable spreadsheet format, as on the last day of the month/half year for all their schemes on its website [www.tatamutualfund.com](http://www.tatamutualfund.com) & on the website of AMFI [www.amfiindia.com](http://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 will send via email both the monthly & 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 newspapers, one each in English & Hindi, disclosing the hosting of the half yearly statement of the schemes portfolio on the AMC's website [www.tatamutualfund.com](http://www.tatamutualfund.com) & on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)). Tata Mutual Fund will provide physical copy of the statement of scheme portfolio without any cost, on specific request received from a unitholder.

**Unaudited Financial Results:** Tata Mutual Fund/ Tata Asset Management Pvt Ltd shall within one month from the close of each half year, that is on 31st March & on 30th September, host a soft copy of its unaudited financial results on its website.

Tata Mutual Fund / Tata Asset Management Pvt Ltd shall publish an advertisement disclosing the hosting of such financial results on their website, in at least one English daily newspaper having nationwide circulation & in a newspaper having wide circulation published in the language of the region where the Head Office of the fund is situated in the format specified in Twelfth Schedule of SEBI (Mutual Funds) Regulations 1996.

**Annual Report:** Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC's website [www.tatamutualfund.com](http://www.tatamutualfund.com) and on the website of AMFI [www.amfiindia.com](http://www.amfiindia.com). 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 account's 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. 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 ([www.tatamutualfund.com](http://www.tatamutualfund.com)) and on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)).

#### Creation of Segregated Portfolio

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) **outstanding rated debt or money market instruments, segregated portfolio may be created only in case of actual default of either the interest or principal amount. In case of default of unrated debt or money market instruments of an issuer, TAMPL(AMC) will inform AMFI immediately about the actual default by the issuer. Pursuant to dissemination of information by AMFI about actual default, AMC may segregate the portfolio of debt and money market instruments.**
- 4) **In case, debt schemes which have investment in debt investments having special features is to be written off or converted to equity pursuant to any approval, the date of said proposal may be treated as trigger date. However, in case the instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as trigger date.**

Creation of segregated portfolio is optional and is at the discretion of the Tata Asset Management Pvt 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.
  - f) 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.
  - g) 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
  - h) 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.
- 3) If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.
  - 4) 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.

#### 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 Pvt 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

<b>Portfolio Date</b>	30-Mar-2023
<b>Downgrade Event Date</b>	31-Mar-2023
<b>Downgrade Security</b>	7.65% C Ltd from AA+ to B
<b>Valuation Marked Down</b>	25%

Mr. X is holding **1,000 Units** of the Scheme, amounting to Rs.15,057.30 ( $1000 \times 15.0573$ )

#### Portfolio of Statement as on 31-Mar-2023 before Segregation of Portfolio

Security	Rating	Type of the Security	Qty	Price Per Unit	Market Value (Rs. in Lacs)	% of Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	32,00,000	102.812	3289.98	21.850
7.70 % B LTD	CRISIL AAA	NCD	32,30,000	98.5139	3182.00	21.133
7.65 % C Ltd	CRISIL B*	NCD	32,00,000	73.843	2362.97	15.693
D Ltd	ICRA A1+	CP	32,00,000	98.3641	3147.65	20.904
7.65 % E LTD	CRISIL AA	NCD	30,00,000	98.6757	2960.27	19.660
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 31-Mar-2023, NCD of C Ltd (7.65%) will be segregated as separate portfolio.

#### Main Portfolio as on 31-Mar-2023

Security	Rating	Type of the Security	Qty	Price Per Unit	Market Value (Rs. in Lacs)	% of Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	32,00,000	102.812	3289.98	21.850
7.70 % B LTD	CRISIL AAA	NCD	32,30,000	98.5139	3182.00	21.133
D Ltd	ICRA A1+	CP	32,00,000	98.3641	3147.65	20.904
7.65 % E LTD	CRISIL AA	NCD	30,00,000	98.6757	2960.27	19.660
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 31-Mar-2023

Security	Rating	Type of the Security	Qty	Price Per Unit	Market Value (Rs. in Lacs)	% of Net Assets
7.65 % C Ltd	CRISIL B*	NCD	32,00,000	73.843	2362.97	15.693
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

Particulars	Segregated Portfolio	Main Portfolio	Total Value
No. of Units	1,000	1,000	
NAV (Rs.)	2.3630	12.6944	
Total value of Investment (in Rs.)	2362.97	12694.33	15057.30

#### Eligibility for application

The following persons (subject, wherever relevant to, Sale 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 and Exchange Board of India (Mutual Funds) Regulations, 1996).
- Asset Management Companies (in accordance with Regulation 25(17) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996) including a Fund of Fund schemes.
- Partnership firms, in the name of the partners.
- Hindu Undivided families (HUF) in the sole name of the Karta.
- Financial and Investment Institutions / Banks.
- Army/Navy/Air Force, para military Units & other eligible institutions.
- Religious and Charitable Trusts provided these are allowed to invest as per statute and their by-laws.
- Scientific and Industrial Research organisations (so long as the Purchase of Units is permitted under their respective constitutions)  
Provident / Pension (Gratuity/ Superannuation & such other retirement & employee benefit & other similar funds (so long as the Purchase of Units is permitted under their respective constitutions.)
- Non-resident Indians/ persons of Indian origin residing abroad (NRIs) on a full repatriation basis or on non-repatriation basis.  
Foreign Portfolio Investor (FPI) as defined under Regulation 2 (1) (h) Securities Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, subject to SEBI/RBI eligibility criteria.
- Overseas Financial Organisations which have entered into an arrangement for investment in India, inter-alia, with a Mutual Fund registered with SEBI and which arrangement is approved by the Central Government.
- International Multilateral Agencies approved by the Government of India.

#### 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 -

- US taxpayers about certain foreign financial accounts and offshore assets.
- 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/ MIRS/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 Pvt Limited (TAMPL) 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 provide information required by the regulatory authority and may undergo changes on receipt of communication / guidelines from Government of India or AMFI or SEBI or any other regulatory authority.

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.

#### 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.

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, 1961 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.

#### How to apply:

**KYC Procedure:** SEBI vide Circular no. CIR/MIRS/66/2016 dated July 21, 2016 and circular no. CIR/MIRS/120/2016 dated November 10, 2016 has intimated about the operationalization of Central KYC Records Registry ("CKYC"). AMFI vide Best Practice Guideline circular no. 135/BP/68/2016-17 dated December 22, 2016 has prescribed guidelines including Central KYC ("CKYC") forms for implementing the CKYC norms.

In this regard, any individual customer who has not done KYC under the KYC Registration Agency (KRA) regime shall fill the new CKYC form.

If such new customer uses the old KRA KYC form, such customer would either fill the new CKYC or provide additional / missing information in the Supplementary CKYC form.

Non-Individual Investors to use the existing KYC forms for KYC process. Application forms complete in all respects, accompanied by or cheque / draft are to be submitted to any of the Authorised Investor Service Centres, as stated in the scheme information document or as may be decided by AMC from time to time. All cheques and bank drafts accompanying the application form

should contain the application form number and the name of the applicant on its reverse. For additional instructions, investors are requested to follow the application form carefully. All cheques/ drafts by the applicants should be made out in favour of "The name of the scheme" and crossed "A/c Payee and Not Negotiable".

Investors subscribing under Direct Plan of a Scheme will have to indicate "Direct Plan" against the scheme name in the application form e.g. "Scheme Name - Direct Plan". Investors should also indicate "Direct" in the ARN column of the application form.

**For Existing Investments:** Investors wishing to transfer their accumulated unit balance held under Existing Plan (through lumpsum / systematic investments made with or without Distributor code) to Direct Plan will have to switch / redeem their investments (subject to applicable Exit Load, if any) & apply under Direct Plan. Investors who have invested without Distributor code & have opted for Income Distribution Cum Capital Withdrawal Reinvestment facility under Existing Plan may note that the Income Distribution Cum Capital Withdrawal will continue to be reinvested in the Existing Plan only.

Application form (duly completed), along with a cheque (drawn on Chennai) / DD (payable at Chennai) may also be sent by Mail directly to the Registrar viz. Computer Age Management Services (Private) Limited, Unit: Tata Mutual Fund, No. 178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai 600 034.

If there is no Authorised Investor Service Centres where the investor resides, he/she may purchase a Demand Draft from any other Bank in favour of "The name of the scheme" and crossed "A/c Payee and Not Negotiable" respectively payable at Chennai, after deducting bank charges / commission (not exceeding charges prescribed by State Bank of India) from the amount of investment. If such bank charges / commission are not deducted by the applicant, then the same may not be reimbursed. However, in case of application along with local Cheque or Bank Draft payable at Mumbai, at / from locations where TMF has its designated Authorised Investor Service Centres, Bank Draft charges/ commission may have to be borne by the applicant. In such cases the Trustee Company is entitled, in its sole and absolute discretion, to reject or accept any application.

Units can be held in demat as well as in non demat mode. Option to hold Units in dematerialized (demat) form is available for subscription by way of SIP, also in all schemes of Tata Mutual Fund (except for subscription in Plans / Options where Income Distribution Cum Capital Withdrawal distribution frequency is less than one month). In case of SIP, units will be allotted based on the applicable NAV as per respective SID & will be credited to investors Demat Account on weekly basis on realisation of funds. Investors opting for allotment of units in demat form shall mention demat account details in the application form. For restriction on acceptance of third party payments for subscription of units of schemes, kindly refer application / instruction form.

#### Subscription by NRIs

In terms of Schedule 5 of Notification no. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to NRIs to purchase, on a repatriation basis units of domestic mutual funds. Further, the general permission is also granted to NRIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification. For the purpose of this section, the term "mutual funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961. However, NRI investors, if so desired, also have the option to make their investment on a non-repatriable basis.

#### Subscription by FPI

Foreign portfolio investor (FPI) means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of SEBI (Foreign Portfolio Investors) Regulations, 2014, provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid.

No person shall buy, sell or otherwise deal in securities as a foreign portfolio investor unless it has obtained a certificate granted by the designated depository participant on behalf of SEBI.

Under SEBI (Foreign Portfolio Investors) Regulations, 2014 FPI (FII/Sub Account of FII) are allowed to invest in Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; subject to compliance of the investment limits and terms and conditions as may be specified by SEBI/RBI.

#### Mode of Payment on Repatriation basis NRIs

In case of NRIs and persons of Indian origin residing abroad, payment may be made by way of Indian Rupee drafts purchased abroad and payable at Mumbai or by way of cheques drawn on Non-Resident (External) (NRE) Accounts payable at par at Mumbai. Payments can also be made by means of rupee drafts payable at Mumbai and purchased out of funds held in NRE / FCNR Accounts.

In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

#### FIIIs (which are deemed FPI)

FIIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the FII with a designated branch of an authorized dealer with the approval of the RBI subject to the terms and conditions set out in the aforesaid notification.

#### Mode of payment on Non-Repatriation basis

In case of NRIs/Persons of Indian origin seeking to apply for Units on a non-repatriation basis, payments may be made by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/ Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the Application Form is accepted.

Refunds, interest & other distribution (if any) and maturity proceeds/ repurchase price and /or income earned (if any) will be payable in Indian Rupees only. The maturity proceeds/repurchase value of units issued on repatriation basis, income earned thereon, net of taxes may be credited to NRE/FCNR account (details of which should be furnished in the space provided for this purpose in the Application Form) of the non-resident investor or remitted to the non-resident investor. Such payments in Indian Rupees will be converted into US dollars or into any other currency, as may be permitted by the RBI, at the rate of exchange prevailing at the time of remittance & will be dispatched through Registered Post at the unitholders risk. The Fund will not be liable for any loss on account of exchange fluctuations, while converting the rupee amount in US dollar or any other currency. Credit of such proceeds to NRE/FCNR account or remittance thereof may be permitted by authorized dealer only on production of a certificate from the Fund that the investment was made out of inward remittance or from the Funds held in NRE/FCNR account of the investor maintained with an authorized dealer in India. However, there is no objection to credit of such proceeds to NRO/NRSR account of the investor if he so desires.

Subscription by Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board.

#### Rejection of applications

Applications not complete in any respect are liable to be rejected. The Trustee Company may reject any application not in accordance with the terms of the Scheme.

#### Documents to be submitted

In the case of applications under Power of Attorney

If any application or any request for transmission is signed by a person holding a valid Power of Attorney, the original Power of Attorney or a certified copy duly notarised should be submitted with the application or the transmission request, as the case may be, unless the Power of Attorney has already been registered with the Fund / Registrar.

In the case of applications by limited Company or a corporate body or an eligible institution or a registered society or a Trust or a Fund or a FII, etc.

In the case of applications by limited Company or a corporate body or an eligible institution or a registered society or a trust or a fund or a FII, a certified true copy of the Board resolution of the managing body authorising investments in Units including authority granted in favour of the officials signing the application for Units & their specimen signature etc. alongwith a certified copy of the Memorandum & Articles of Association & / or bye-laws & / or trust deed & / or partnership deed & Certificate of Registration should be submitted. The officials should sign the application under the official designation. In the case of a Trust/ Fund, it shall produce a resolution from the Trustee(s) authorising such purchases.

The above mentioned documents or duly certified copy thereof must be lodged separately at the office of the Registrar to the Offer, quoting the serial number of the application. In case of non submission of the above mentioned documents, the Trustee Company is entitled, in its sole and absolute discretion, to reject or accept any application.

**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 be 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 Pvt 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 & efficient functioning of the Scheme(s).

#### TRANSACTION THROUGH STOCK EXCHANGE PLATFORM

Tata Mutual Fund has signed an agreement with BSE & NSE for allowing transactions in the Scheme through stock exchange platform.

The schemes covered in this KIM are admitted on the order routing platform of Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Under this facility investors can submit the application for subscription and redemption of units of the scheme through the Stock Exchange platform. The introduction of this facility is pursuant to guidelines issued by SEBI vide circular SEBI/IMD/CIR No.11/183204/2209 dated November 13, 2009 and the Stock Exchanges viz. BSE & NSE.

The following are the salient features of the new facility introduced for the benefit of investors:

1) This facility i.e. purchases (Lumpsum & SIP)/redemption of units will be available to both existing & new investors. Switching of units will not be permitted through stock exchange platform. 2) The investors will be eligible to purchase/redeem units of the aforesaid schemes. The list of eligible schemes is subject to change from time to time. 3) All trading members of BSE & NSE who are registered with AMFI as Mutual Fund Advisors & who have signed up with Tata Asset Management Pvt Ltd & also registered with BSE & NSE as Participants ("AMFI certified stock exchange brokers") will be eligible to offer this facility to investors. In order to facilitate transactions in mutual fund units through the stock exchange infrastructure, BSE has introduced BSE StAR MF Platform & NSE has introduced Mutual Fund Service System (MFSS). 4) The units of eligible Schemes are not listed on BSE & NSE & the same cannot be traded on the Stock Exchange like shares. The window for submission of application for purchase/redemption of units on BSE & NSE will be available between 9 a.m. & 3 p.m. or such other timings as may be decided by the Stock Exchanges. 5) The eligible AMFI certified stock exchange brokers will be considered as Official Points of Acceptance (OPA) of Tata Mutual Fund as per SEBI circular No. SEBI/IMD/CIR No/11/78450/06 dated October 11, 2006. 6) Investors have an option to subscribe/redeem units in physical or dematerialized form on BSE StAR & NSE MFSS MF system. In case of redemption request received through MFSS/BSE StAR/DP residual units will continue to remain in the Registrar & Transfer Agents records & the residual units will be redeemed only after investor request to redeem. 7) The facility to purchase through SIP is available in demat form on both BSE StAR & NSE MFSS platform. 8) As clarified by SEBI vide its circular no.CIR/IMD/DF/10/2010 dated August 18, 2010, restriction on transfer of units shall not be applicable to units held in dematerialized mode & thus the units are freely transferable. However the restrictions on transfer of units of ELSS schemes during the lock in period shall continue to be applicable as per the ELSS guidelines. 9) Investors will be able to purchase/redeem units in eligible schemes in the following manner:

##### (i.) Purchase of Units:

###### a. Physical Form (Available on NSE MFSS & BSE StAR MF)

The investor who chooses the physical mode is required to submit all requisite documents along with the purchase application (subject to applicable limits prescribed by BSE / NSE) to the AMFI certified stock exchange brokers. The AMFI certified stock exchange broker shall verify the application for mandatory details & KYC compliance. After completion of the verification, the purchase order will be entered in the Stock Exchange system & an order confirmation slip will be issued to investor. The investor will transfer the funds to the AMFI certified stock exchange brokers. Allotment details will be provided by the AMFI certified stock exchange brokers to the investor.

###### b. Dematerialized Form (Available on NSE MFSS & BSE StAR MF)

The investors who intend to deal in depository mode are required to have a demat account with Central Depository Services (India) Ltd ("CDSL") / National Securities Depository Ltd. ("NSDL"). The investor who chooses the depository mode is required to place an order for purchase of units (subject to applicable limits prescribed by BSE/NSE) with the AMFI certified stock exchange brokers. The investor should provide their depository account details to the AMFI certified stock exchange brokers. The purchase order will be entered in the Stock Exchange system & an order confirmation slip will be issued to investor. The investor will transfer the funds to the AMFI certified stock exchange brokers.

##### (ii.) Redemption of Units:

###### a. Physical Form (Available on BSE StAR & NSE MFSS Platform)

The investor who chooses the physical mode is required to submit all requisite documents along with the redemption application (subject to applicable limits prescribed by BSE / NSE, if any) to the AMFI certified stock exchange brokers. There is no maximum cap on redemption request. The redemption order will be entered in the Stock Exchange system & an order confirmation slip will be issued to investor. In case of redemption request received through MFSS/BSE StAR/DP residual units will continue to remain in the Registrar & Transfer Agents records & the residual units will be redeemed only after investor request to redeem. The redemption proceeds will be credited to the bank account of the investor, as per the bank account mandate recorded with Tata Mutual Fund & within the timelines as per SEBI regulations as applicable from time to time or it will be sent to the investor in the mode selected by the investor. Redemption request may also be submitted to any of the Investor service centers. In case investors desire to convert the physical units into dematerialized form, the dematerialized request will have to be submitted with the Registrar.

###### b. Dematerialized Form (Available on NSE MFSS & BSE StAR MF)

The investors who intend to deal in depository mode are required to have a demat account with CDSL/ NSDL & units converted from physical mode to demat mode prior to placing of redemption order. The investor who chooses the depository mode is required to place an order for redemption (subject to applicable limits prescribed by BSE/NSE) with the AMFI certified stock exchange brokers. The investors should provide their Depository Participant with Depository Instruction Slip with relevant units to be credited to Clearing Corporation pool account. The redemption order will be entered in the system & an order confirmation slip will be issued to investor. Presently no limit is applicable for the redemption of units.

In respect of investors having demat account & purchasing & redeeming units through stock brokers & clearing members, investors shall receive redemption amount (if units are redeemed) & units (if units are purchased) through broker/clearing member's pool account. The Asset Management Company/ Mutual Fund will pay proceeds to the broker/clearing member (in case of redemption) & broker/clearing member in turn to the respective investor & similarly units shall be credited by MF/AMC into broker/clearing members' pool account (in case of purchase) & broker/clearing member in turn to the respective investor. It is to be noted that payment of redemption proceeds to the broker/clearing members by MF/AMC shall discharge MF/AMC of its obligation of payment to individual investor & in case of purchase of units, crediting units into broker/clearing member pool account shall discharge MF/AMC of its obligation to allot units to individual investor. Stock Exchanges & Depositories shall provide investor grievance handling mechanism to the extent they relate to disputes between their respective regulated entity & their client.

1) Applications for purchase/redemption of units which are incomplete / invalid are liable to be rejected. 2) In case of non-financial requests/ applications such as change of address, change of bank details, etc. investors should approach Investor Service Centres (ISCs) of Tata Mutual Fund if units are held in physical mode & the respective Depository Participant(s) if units are held in demat mode. 3) An account statement will be issued by Tata Mutual Fund to investors who purchase/ redeem their units under this facility in physical mode. In case of investors who intend to deal in units in depository mode, a demat statement will be sent by Depository Participant showing the credit/debit of units to their account. 4) The applicability of NAV will be subject to guidelines issued by SEBI from time to time on Uniform cut-off timings for applicability of NAV of Mutual Fund Scheme(s)/Plan(s). 5) Investors will have to comply with Know Your Customer (KYC) norms as prescribed by BSE/NSE/CDSL/ NSDL & Tata Mutual Fund to participate in this facility. 6) Investors should get in touch with Investor Service Centres (ISCs) of Tata Mutual Fund for further details. The Trustee reserves the right to change/modify the features of this facility at a later date.

Date: 29 April, 2023