



NOTICE CUM ADDENDUM

Notice cum Addendum for Creation of Segregated Portfolio in the Scheme Information Documents (SIDs) and Key Information Document (KIM) of Tata Retirement Savings Fund - Moderate Plan & Conservative Plan.

Effective Date: 30th August 2019.

In order to ensure fair treatment to all investors in case of a credit event and to deal with liquidity risk, SEBI has allowed creation of segregated portfolio of debt and money market instruments by mutual fund schemes.

It is proposed to incorporate provision of segregated portfolio in the Scheme Information Documents (SIDs) and Key Information Document (KIMs) of the above-mentioned schemes of Tata Mutual Fund.

Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

- 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:
 - Downgrade of a debt or money market instrument to 'below investment grade', or
 - Subsequent downgrades of the said instruments from 'below investment grade', or
 - Similar such downgrades of a loan rating
- 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.
- Creation of segregated portfolio is optional and is at the discretion of the Tata Asset Management Ltd (AMC)

Process for Creation of Segregated Portfolio

- On the date of credit event, AMC should decide on creation of segregated portfolio. Once Tata Asset Management Company (TAML) decides to segregate portfolio, it should:
 - seek approval of trustees prior to creation of the segregated portfolio.
 - 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.
 - 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.
- Once Trustee approval is received by the TAML:
 - Segregated portfolio will be effective from the day of credit event
 - TAML shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
 - An e-mail or SMS will be sent to all unit holders of the concerned scheme.
 - The NAV of both segregated and main portfolios will be disclosed from the day of the credit event.
 - 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.
 - 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.
 - TAML 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
 - 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.
- If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.
- 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:

- 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.
- 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

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

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

Monitoring by Trustees

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

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

TER for the Segregated Portfolio

- TAML 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.
- 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.
- 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 TAML.
- The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Explanations:

- 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.
- The term 'main portfolio' means the scheme portfolio excluding the segregated portfolio.
- The term 'total portfolio' means the scheme portfolio including the securities affected by the credit event.

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 realize any value.
- Listing of units of segregated portfolio in recognized 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.

Illustration of Segregated Portfolio

Portfolio Date: 30-June-19

Downgrade Event Date: 30-June-19

Downgrade Security: **7.65% C Ltd from AA+ to B**

Valuation Marked Down: **25%**

Mr. X is holding 1000 Units of the Scheme, amounting to (1000*15.0573) Rs.15057.3

Portfolio Before Downgrade Event

Security	Rating	Type of the Security	Qty	Price Per Unit (Rs)	Market Value (Rs. in Lacs)	% of Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3200000	102.812	3289.98	21.850
7.70 % B LTD	CRISIL AAA	NCD	3230000	98.5139	3182.00	21.133
7.65 % C Ltd	CRISIL B*	NCD	3200000	73.843	2362.97	15.693
D Ltd (15/Aug/2019)	ICRA A1+	CP	3200000	98.3641	3147.65	20.904
7.65 % E LTD	CRISIL AA	NCD	3000000	98.6757	2960.27	19.660
Cash / Cash Equivalents				114.47	0.760	
		Net Assets			15057.34	
		Unit Capital (no of units)			1000.00	
		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 30th June 2019, NCD of C Ltd (7.65%) will be segregated as separate portfolio.

Main Portfolio as on 30th June 2019

Security	Rating	Type of the Security	Qty	Price Per Unit (Rs)	Market Value (Rs. in Lacs)	% of Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3200000	102.812	3289.98	21.850
7.70 % B LTD	CRISIL AAA	NCD	3230000	98.5139	3182.00	21.133
D Ltd (15/Aug/2019)	ICRA A1+	CP	3200000	98.3641	3147.65	20.904
7.65 % E LTD	CRISIL AA	NCD	3000000	98.6757	2960.27	19.660
Cash / Cash Equivalents				114.47	0.760	
		Net Assets			12694.37	
		Unit Capital (no of units)			1000.00	
		NAV (Rs)			12.6944	

Segregated Portfolio as on 30th June 2019

Security	Rating	Type of the Security	Qty	Price Per Unit (Rs)	Market Value (Rs. in Lacs)	% of Net Assets
7.65 % C Ltd	CRISIL B*	NCD	3200000	73.843	2362.97	15.693
		Unit Capital (no of units)			1000.00	
		NAV (Rs)			2.3630	

Value of Holding of Mr. X after Creation of Segregated Portfolio

	Segregated Portfolio	Main Portfolio	Total Value (Rs.)
No of units	1000	1000	
NAV(Rs.)	2.3630	12.6944	
Total Value (Rs.)	2362.97	12694.33	15057.30

A written communication informing the above changes has been sent to all the unit holders of the schemes informing them of the above changes and option to exit from scheme(s) at the prevailing NAV without payment of exit load from 30th July 2019 to 29th August 2019 (upto 3.00 p.m.) Unitholders may note that no action is required in case they are in agreement with the aforesaid changes.

Load free exit period is available only for investors holding units as on 26th July 2019 as per Registrars records.

Notes: -

- This notice cum addendum will form an integral part of the SID and KIM of the schemes.
- All other terms and conditions of the SID/KIM read with other addendums including the Risk-o-Meter of the respective schemes remain unchanged.

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