This said scheme information document is the combined Scheme Information Document for the scheme namely Tata Value Fund Series 2 (1103 Days maturity from the date of allotment).

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

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

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

BSE Disclaimer Clause: "Bombay Stock Exchange Ltd. ("the Exchange") has given vide its letter dated 04.04.2018 permission to Tata Mutual Fund to use the Exchange’s name in this scheme information document as one of the Stock Exchanges on which this Mutual Fund’s Unit are proposed to be listed. The Exchange has scrutinized this scheme information document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to Tata Mutual Fund. The Exchange does not in any manner:

i) warrant, certify or endorse the correctness or completeness of any of the contents of this scheme information document; or

ii) warrant that this scheme’s unit will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund;

And it should not for any reason be deemed or construed that this scheme information document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any unit of Tata Value Fund Series 2of this Mutual Fund may do so pursuant to independent inquiry, investigation & analysis & shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

SAI is incorporated by reference (is legally a part of the Scheme Information Document (SID)). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website. The Scheme Information Document (SID) should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated 26 May, 2020

New Fund Offer opens on 13 July, 2018
New Fund Offer closes on 27 July, 2018

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<tr>
<td>Tata Mutual Fund</td>
<td>Tata Asset Management Ltd.</td>
<td>Tata Trustee Company Ltd.</td>
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<td>1903, B-Wing, Parinee Crescenzo, G-Block, BKC, Bandra (East), Mumbai - 400 051</td>
<td>1903, B-Wing, Parinee Crescenzo, G-Block, BKC, Bandra (East), Mumbai - 400 051</td>
<td>1903, B-Wing, Parinee Crescenzo, G-Block, BKC, Bandra (East), Mumbai - 400 051</td>
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<tr>
<td>Tel: (022) 66578282 Fax: (022) 22613782 Website: <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a> E-mail: <a href="mailto:service@tataamc.com">service@tataamc.com</a></td>
<td>CIN: U65990-MH-1994-PLC-077090</td>
<td>CIN: U65991-MH-1995-PLC-087722</td>
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<td><strong>Type of Scheme</strong></td>
<td>A close-ended equity scheme following a value investment strategy.</td>
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<td><strong>Investment Objective</strong></td>
<td>The investment objective of the Scheme is to provide capital appreciation over the tenure of the fund through a diversified equity portfolio following value investment strategy. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns.</td>
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<td><strong>Liquidity</strong></td>
<td>Being closed ended scheme, the Fund does not intend to buy the units back till the maturity of the scheme. However, in order to provide the liquidity to the investors, the scheme is listed on the BSE. The AMC will endeavour to list the scheme as soon as possible from the date of allotment of units. Hence, Investors who want to liquidate their units of the scheme can sell the units in the secondary market.</td>
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<td><strong>Benchmark</strong></td>
<td>S&amp;P BSE 200 Index TRI</td>
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<td><strong>Transparency of operation / NAV Disclosure</strong></td>
<td>Determination of Net Asset Value (NAV) on all business days. The NAV of the scheme will be available at all investor service center of the AMC. The AMC will also declare the Net Asset Value of the scheme on every business day on AMFI’s website <a href="http://www.amfiindia.com">www.amfiindia.com</a> and also on the AMC’s website i.e. <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a> by 11 p.m. The monthly portfolio/ Half Yearly portfolio of the Scheme shall be available in a user-friendly and downloadable format on the <a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a> on or before the tenth day of succeeding month/half year. Due to difference in the expense ratio, the NAV of each option of Direct Plan will be different from the NAV of each option of Regular Plan. Similarly, due to dividend payout, the NAV of dividend option will be different from the NAV of Growth option.</td>
<td></td>
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| **Investment Options / Plans:** | Regular Plan (For applications routed through Distributors): The Scheme has following options:  
• Growth Option  
• Dividend Option (Payout)  
Direct Plan (For applications not routed through Distributors)  
The Scheme has following options:  
• Growth Option  
• Dividend Option (Payout)  
Please note that the Dividend shall be distributed at the discretion of the Trustees subject to availability of distributable surplus. |
| **Load** | Entry Load: N.A.  
Exit Load (Upon Maturity): NIL |
| **Duration of the Scheme** | 1103 days from the date of allotment. |
| **Maturity** | No redemption/ repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme will come to an end on maturity date unless rolled over in accordance with provision of regulation 33(4) of the SEBI (Mutual Funds) Regulations, 1996. On maturity of the scheme, the outstanding units shall be redeemed and proceeds will be paid to the unit holders as a default mode which means that the units of the scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched to/ credited in bank account of then unitholders. As per the SEBI regulations, the redemption proceeds shall be despatched within 10 business days form the date of maturity of the scheme. However, redemption proceeds of the unitholders who have opted for Auto Switch Facility, without further reference to the unitholders, will be invested in the Tata Equity P/E Fund and such unitholders will get units of the Tata Equity P/E Fund. The salient features of Tata Equity P/E fund are given in the Exhibit 1 in Section III. UNITS AND OFFER under New Fund Offer Period Section. |
Roll Over Facility

The Trustees may, at its discretion, roll over the scheme upon maturity. The rollover of the scheme shall be subject to the compliance with the provisions of regulation 33(4) of the SEBI (Mutual Funds) Regulations, 1996. All other material details of the plan including the likely composition of assets immediately before the roll over, the net assets and net asset value of the scheme, will be disclosed to the unitholders and a copy of the same filed with the SEBI. Such rollover will always be permitted only in case of those unitholders who express their consent in writing.

- A Mutual Fund - sponsored by Tata Sons Limited (TSL) and Tata Investment Corporation Limited (TICL).
- The Scheme is managed by Tata Asset Management Limited (TAML).
- The Scheme will be considered as fresh subscription as and when it is launched.
- Earnings of the Fund is exempt from income tax under Section 10(23D) of the Income Tax Act, 1961.

Interpretation

For all purposes of this Scheme Information Document (SID), except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID includes the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- The term “Scheme” refers to the Tata Value Fund Series 2.

I. INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

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

Scheme Specific Risk Factors:

Investment Risks

The price of securities may go up or down depending on a variety of factors and hence investors may note that AMC/Fund Manager’s investment decisions may not be always profitable. Although it is intended to generate capital appreciation and maximize the returns by actively investing in equity securities and utilising debt and money market instruments as a defensive investment strategy. The price of securities 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 Fund’s investment objective will be attained or that the Fund may not be in a position to maintain the indicated percentage of investment pattern under exceptional circumstances. There is no guarantee the investment / dis-investment decision will result into profit.

The fund may use techniques and instruments for efficient portfolio management and to attempt to hedge or reduce the risk. However, these techniques and instruments if imperfectly used have the risk of the fund 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 / plan’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 Fund’s assets segregated to cover its obligations.

Liquidity and Settlement Risks

The liquidity of the Scheme’s 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 AMC. While at all times the AMC will endeavour that excessive holding/investment in certain securities of industries, sectors, etc. by the Scheme are 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.

Regulatory Risk

The value of the securities may be affected by uncertainties such as changes in government policies, changes in taxation and other developments in the laws and regulations.

Risk associated with Unlisted Securities

Securities which are not quoted on the stock exchanges are inherently liquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including the put options. The liquidity and valuation of the scheme’s investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

Securities Lending by the Mutual Fund

The Scheme may participate in securities lending and borrowing scheme in accordance with Securities Lending Scheme, 1997, Regulation 44 (4) of SEBI ( Mutual Funds ) Regulations ,1996, SEBI circular no MFD/CIR/01/047/99 dated February 10, 1999, framework for short selling and borrowing and lending of securities notified by SEBI circular no MRD/DoP/SE/Cir-14/2007 dated 20, 2007 and SEBI circular no SEBI / IMD / CIR No 14 / 187175/ 2009 dated December 15, 2009 and SEBI circular no CIR/MRD/DP/122/2017 dated November 17, 2017. The Scheme shall also follow other relevant regulations /guidelines issued by stock exchange(s) from time to time. The Scheme shall participate in Securities Borrowing and Lending only with the SEBI approved intermediaries.

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

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

Example:

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

Thus the scenario under which the scheme would participate in stock lending would be:

1. There is a holding of security e.g. of XYZ Ltd in the scheme which the fund manager wants to be the core holding of the fund for approximately 6 to 12 months.
2. There is a borrower (not mutual fund) for the security, (who has taken a short position in the market and needs the said security of XYZ Ltd to settle it) who is willing to put up a proper collateral for the same. (In all cases higher than the price of the script).
3. The borrower is represented by a proper recognized intermediary.
4. The agreement is to return the security or the amount so negotiated at a particular period of time or on demand.

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

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

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

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

Securities Lending Risks

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

- Buying and selling units on stock exchange requires the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/broker, payment of brokerage, securities transactions tax and such other costs.
- Trading in scheme could be restricted due to which market price may or may not reflect the true NAV of the scheme at any point of time. Also there can be no assurance that an active secondary market will develop or be maintained for the units of the Scheme.
- The market price of the units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV.
- Where units are issued or later on converted in Demat form through depositories, the records of the depository will be final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual fund upon maturity depends up on the confirmations to be received from depository (ies) on which the mutual fund has no control.
- Any change in Tax Laws applicable to mutual funds may affect the returns to the investor.

Risk Factors With Respect To Listing of the Scheme

- Limited Recourse and Credit Risk: In the event of pre-payment of the underlying debt, investors may be exposed to changes in tenor and yield.
- Bankruptcy Risk: 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 investing in debt securities

Interest rate/price risk: As with all debt securities, changes in interest rates may affect the NAV of the Scheme since the price of a fixed income instrument falls when the interest rates move up and vice versa. The effect is more prominent when the duration of the instrument is higher. Hence the NAV movement of the Scheme consisting of predominantly fixed income securities is likely to have inverse correlation with the movement in interest rates. In case of a floating rate instrument, this risk is lower as a result of periodic reset of the coupon. 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 the interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.

Credit risk or default risk: This refers to inability of the issuer of the debt security to make timely payments of principal and/or interest due. In case of investments in government securities, the credit risk is minimal. It is reflected in the credit rating of the issuer. Hence if the credit rating of the issuer is downgraded, the price of the security will suffer a loss and the NAV will fall. Credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon and deferred interest kind bonds. Lower rated zero coupon and deferred interest kind bonds carry an additional risk in that, unlike bonds that pay interest through the period of maturity, the Scheme by investing in these bonds will realize no cash till the cash payment date and if the issuer defaults, the Scheme may obtain no return on its investment.

Liquidity risk: This represents the possibility that the realised price from selling the security might be lesser than the valuation price as a result of illiquid market. If a large outflow from the Scheme is funded by selling some of the illiquid securities, the NAV could fall even if there is no change in interest rates. Illiquid securities are typically quoted at a higher yield than the liquid securities and have higher bid offer spreads. Investment in illiquid securities results in higher current yield for the portfolio. Liquidity risk is a characteristic of the Indian fixed income market today. In addition, money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.

Securitised Debt:

Securitized Debt such as Mortgage Backed Securities (“MBS”) or Asset Backed Securities (“ABS”) is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitization is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitization involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company.

The SPV in turn issues financial instruments (promissory notes, participation certificates or other debt instruments) also referred to as “Securitized Debt” to the investors evidencing the beneficial ownership of the investors in the receivables. The financial instruments are rated by an independent credit rating agency.

Risks Associated with Securitised Debt

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

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

Limited Recourse and Credit Risk: Certificates issued on investment in securitized debt represent a beneficial interest in the underlying receivables and there is no obligation on the issuer, seller or the originator in that regard. Defaults on the underlying loan can adversely affect the 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.

Risk Controls for Securitised Debt

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

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

Close Ended Disclosure: Exposure to Securitized Debt in the Scheme/Plan will be limited to papers with maturity not exceeding the maturity of the Scheme/Plan.

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

The evaluation parameters of the originators are as under:

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

Track record

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

Willingness to pay

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

Ability to pay

This assessment is based on a detailed financial risk assessment.

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

Business risk assessment, wherein following factors are considered:

- Outlook for the economy (domestic and global)
- Outlook for the industry
- Company specific factors

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

Typically we would avoid investing in securitization transaction (without specific risk mitigant strategies / additional cash/security collaterals/guarantees) if we have concerns on the following issues regarding the originator / underlying issuer:

- High default track record/ frequent alteration of redemption conditions / covenants
- High leverage ratios - both on a standalone basis as well on a fated level/ group level. This is very important in case of single borrower loan sell down
- Higher proportion of re-schedulement of underlying assets of the pool or loan
3. Risk mitigation strategies for investments with each kind of originator

Risk Mitigation Strategies

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

In order to mitigate the risk at the issuer/originator level, the Fixed Income team will consider various factors which will include:

- size and reach of the originator
- the infrastructure and follow-up mechanism
- quality of information disseminated by the issuer/originator; and
- the Credit enhancement for different type of issuer/originator
- the originator’s track record in that line of business

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

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

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

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

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

* LTV based on chasis value

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

In addition to the framework as per the table above, we also take into account following factors, which are analyzed to ensure diversification of risk and measures identified for less diversified investments:
Risks associated with Derivatives contained herein may change in response to the same.

Note

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

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

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

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

6. Minimum retention percentage by originator of debts to be securitized

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

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

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

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

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

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

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

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

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

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.

There are no assured or guaranteed returns under the scheme. Under no circumstances investors can claim/demand minimum returns under the scheme from Tata Asset Management Limited or Tata Trustee Company Limited or any of its directors or employees or agents/distributors of Tata Mutual fund. The returns of the investors will be depending upon the yield of the underlying portfolio which is subject to various risks mentioned in the Scheme Information Document.

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

Risk Control / Mitigation measures for equity investments and related investments:

<table>
<thead>
<tr>
<th>Nature of Risk</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Risk</td>
<td>• Online monitoring of various exposure limits by the Front Office System. Also as a backup, manual controls are also implemented.</td>
</tr>
<tr>
<td>Poor Portfolio Quality</td>
<td>• Pre-approved universe of stocks based on strong fundamental research. New stock addition only with the prior approval of investment committee.</td>
</tr>
<tr>
<td>Performance Risk</td>
<td>• Periodical review of stock wise profit &amp; loss. Review of scheme performance vis. a vis. Benchmark index as well as peer group.</td>
</tr>
<tr>
<td>Liquidity Risk</td>
<td>• Periodical review of the liquidity position of each scrip (Market capitalization, average volume in the market vis. a vis. Portfolio Holding)</td>
</tr>
<tr>
<td>Concentration Risk</td>
<td>• Cap on maximum single sector exposure. Cap on maximum single stock exposure</td>
</tr>
</tbody>
</table>

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme and individual Plan(s) under the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan. These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the Scheme/Plan(s) shall be wound up in accordance with Regulation 39 (2) (c) of SEBI (MF) Regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within five business days from the date of closure of the New Fund Offer.

C. SPECIAL CONSIDERATIONS

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

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

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

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

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

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>&quot;Business Day&quot; or &quot;Working Day&quot;</td>
</tr>
<tr>
<td></td>
<td>A day other than</td>
</tr>
<tr>
<td></td>
<td>• Saturday and Sunday</td>
</tr>
<tr>
<td></td>
<td>• a day on which the Bombay Stock Exchange Limited (BSE) and/or National Stock Exchange of India Limited (NSE) are closed for trading</td>
</tr>
<tr>
<td></td>
<td>• a day on which sale and repurchase of units is suspended by the AMC</td>
</tr>
<tr>
<td></td>
<td>• a day on which normal business could not be transacted due to storms, floods, bandhs, strikes etc.</td>
</tr>
<tr>
<td></td>
<td>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.</td>
</tr>
<tr>
<td>2.</td>
<td>&quot;Business Hours&quot;</td>
</tr>
<tr>
<td></td>
<td>Business hours are from 10.00 A.M. to 3.00 P.M. on any Business Day.</td>
</tr>
<tr>
<td>3.</td>
<td>&quot;BSE&quot;/&quot;NSE&quot;</td>
</tr>
<tr>
<td></td>
<td>The Bombay Stock Exchange Limited / The National Stock Exchange of India Limited</td>
</tr>
<tr>
<td>4.</td>
<td>&quot;Calendar Year&quot;</td>
</tr>
<tr>
<td></td>
<td>A Calendar Year shall be 12 full English Calendar months commencing from 1st January and ending on 31st December.</td>
</tr>
<tr>
<td>5.</td>
<td>&quot;Custodian&quot;</td>
</tr>
<tr>
<td></td>
<td>Standard Chartered Bank (SEBI Registration No IN/CUS/006)</td>
</tr>
<tr>
<td>6.</td>
<td>&quot;Entry Load&quot;</td>
</tr>
<tr>
<td></td>
<td>Amount that is paid by the investors at the time of entry / subscription into the scheme.</td>
</tr>
<tr>
<td>7.</td>
<td>&quot;Exit Load&quot;</td>
</tr>
<tr>
<td></td>
<td>Amount that is paid by the investors at the time of exit / redemption from the scheme.</td>
</tr>
<tr>
<td>8.</td>
<td>&quot;Day&quot;</td>
</tr>
<tr>
<td></td>
<td>Any day as per English Calendar viz. 365 days in a year.</td>
</tr>
<tr>
<td>9.</td>
<td>&quot;Financial Year&quot;</td>
</tr>
<tr>
<td></td>
<td>A Financial Year shall be 12 full English Calendar months commencing from 1st April and ending on 31st March.</td>
</tr>
<tr>
<td>10.</td>
<td>&quot;Group&quot;</td>
</tr>
<tr>
<td></td>
<td>As defined in sub-clause (ef) of clause 2 of MRTP Act, 1969.</td>
</tr>
<tr>
<td>11.</td>
<td>&quot;IMA&quot;</td>
</tr>
<tr>
<td></td>
<td>Investment Management Agreement dated 9th May, 1995, as amended from time to time, between the TTCL &amp; TAML.</td>
</tr>
<tr>
<td>12.</td>
<td>&quot;Investor&quot;</td>
</tr>
<tr>
<td></td>
<td>An investor means any resident or non-resident person whether individual or not (legal entity), who is eligible to subscribe units under the laws of his/her/their country of incorporation, establishment, citizenship, residence or domicile and under the Income Tax Act, 1961 including amendments thereto from time to time and who has made an application for subscribing units under the Scheme. Under normal circumstances, an Unit holder shall be deemed to be the investor.</td>
</tr>
<tr>
<td>13.</td>
<td>&quot;Net Asset Value&quot; or &quot;NAV&quot;</td>
</tr>
<tr>
<td></td>
<td>(a) In case of winding up of the Fund:</td>
</tr>
<tr>
<td></td>
<td>In respect of an Unit, the amount that would be payable to the holder of that Unit on any date if the fund were to be wound up and its assets distributed on that date (valuing assets and liabilities in accordance with the normal accounting policies of the Fund, but ignoring net distributable income of the current financial year and winding up expenses).</td>
</tr>
<tr>
<td></td>
<td>(b) Daily for Ongoing Sale/Redemption/ Switch:</td>
</tr>
<tr>
<td></td>
<td>In respect of a Unit, the amount that would be payable by/to the investor / holder of that Unit on any Valuation date by dividing the net assets of the Scheme by the number of outstanding Units on the Valuation date.</td>
</tr>
<tr>
<td>14.</td>
<td>&quot;Net Assets&quot;</td>
</tr>
<tr>
<td></td>
<td>Net Assets of the Scheme / Plan at any time shall be the value of the Fund’s total assets less its liabilities taking into consideration the accruals and the provisions at that time.</td>
</tr>
<tr>
<td>15.</td>
<td>&quot;Non-Resident Indian&quot; / NRI</td>
</tr>
<tr>
<td></td>
<td>A person resident outside India who is a citizen of India or is a person of Indian origin as per the meaning assigned to the term under Foreign Exchange Management (Investment in firm or proprietary concern in India) Regulations, 2000.</td>
</tr>
<tr>
<td>16.</td>
<td>&quot;Permissible Investments&quot;</td>
</tr>
<tr>
<td></td>
<td>Investments made on account of the Unitholders of the Scheme in securities and assets in accordance with the SEBI Regulations.</td>
</tr>
<tr>
<td>17.</td>
<td>&quot;Portfolio&quot;</td>
</tr>
<tr>
<td></td>
<td>Portfolio at any time shall include all Permissible Investments and Cash.</td>
</tr>
<tr>
<td>18.</td>
<td>&quot;Regulations&quot;</td>
</tr>
<tr>
<td></td>
<td>Regulations imply SEBI Regulations and the relevant rules and provisions of the Securities and Exchange Board of India (Depositories and participants) Regulations 1996, Public Debt Act 1944, the relevant notifications of the Government of India Ministry of Finance Department of Revenue, (Central Board of Direct Taxes), the Income Tax Act, 1961, Gift Tax Act, 1958, Foreign Exchange Management Act, 1999 as amended from time to time and shall also include any Circulars, Press Releases or Notifications that may be issued by SEBI or the Government of India or the Reserve Bank of India from time to time.</td>
</tr>
</tbody>
</table>
19. “Resident” A resident means any person resident in India under the Foreign Exchange Management Act, 1999 and under the Income Tax Act, 1961, including amendments thereto from time to time.

20. “Scheme” The offer made by Tata Mutual Fund through this SID, viz., Tata Value Fund Series 2


22. “SEBI Regulations” The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time and shall also include any Mutual Fund Regulations, Circulars, Press Releases, or Notifications that may be issued by SEBI or the Government of India to regulate the activities and growth of Mutual funds.

23. “SID” Scheme Information Document

24. “SAI” Statement of Additional Information

25. “SIP” Systematic Investment Plan, a facility to invest systematically (monthly / quarterly / half-yearly / yearly) in the scheme.

26. “SWP” Systematic Withdrawal Plan, a facility to redeem systematically (monthly / quarterly / half-yearly / yearly) from the scheme.

27. “STP” Systematic Transfer Plan, a facility to switch money / investment from this scheme to other scheme(s) of Tata Mutual Fund, systematically (monthly / quarterly / half-yearly / yearly.

28. “TAML”, “AMC” Tata Asset Management Limited, the Asset Management Company (AMC), a company within the meaning of the Companies Act, 1956 (1 of 1956) and includes its successors and permitted assigns.

29. “TICL” Tata Investment Corporation Limited, a sponsor of the TMF and a shareholder of TAML, a company within the meaning of the Companies Act, 1913 and includes its successors and permitted assigns.

30. “TMF” or “Fund” Tata Mutual Fund, a trust established under a Trust Deed dated 9th May, 1995, under the provisions of The Indian Trusts Act, 1882, bearing SEBI registration No. MF/023/95/9.

31. “Total Assets” Total Assets of the Scheme at any time shall be the total value of the schemes assets taking into consideration the accruals.

32. “Trust Deed” The Trust Deed of the Mutual Fund dated 9th May, 1995, as amended from time to time, made between TSL and TICL as the settlors, and TTCL as the Trustee.

33. “TSL” Tata Sons Limited, a sponsor of TMF and a shareholder of TAML, a company within the meaning of the Companies Act, 1913 and includes its successors and permitted assigns.

34. “TTCL or Trustee Company” Tata Trustee Company Limited, a company within the meaning of the Companies Act, 1956 and includes its successors and permitted assigns.

35. “Unitholder” A Unit holder means any resident or non-resident person whether individual or not (legal entity), who is eligible to subscribe to the Scheme and who has been allotted Units under the Scheme based on a valid application.

36. “Units” The security representing the interests of the Unitholders in the Scheme. Each Unit represents one undivided share in the assets of the Scheme as evidenced by any letter/ advice or any other statement / certificate / instrument issued by TMF.

37. “Year” A Year shall be 12 full English Calendar months.
E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

The following Due Diligence Certificate has been submitted to SEBI:

It is confirmed that:

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

(ii) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.

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

For Tata Asset Management Limited

Place: Mumbai Date: 26/05/2020

Upesh K. Shah Head- Compliance
II. INFORMATION ABOUT THE SCHEME

PRODUCT LABEL

This product is suitable for investors who are seeking:

• Long Term Wealth Creation
• A close ended equity fund that aims to provide capital appreciation over the tenure of the fund through a diversified equity portfolio following value investment strategy.
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them

A. TYPE OF THE SCHEME

A close ended equity scheme.

B. INVESTMENT OBJECTIVE OF THE SCHEME

The investment objective of the Scheme is to provide capital appreciation over the tenure of the fund through a diversified equity portfolio following value investment strategy. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns.

C. ASSET ALLOCATION AND RISK PROFILE

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

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative allocations (% of Net Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Maximum</td>
</tr>
<tr>
<td>Equity &amp; Equity Related Instruments *</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td>Cash, Debt &amp; Money Market Instruments</td>
<td>0</td>
<td>20</td>
</tr>
</tbody>
</table>

*The net notional exposure to derivative positions will not exceed 50% of the net assets of the scheme.

The scheme may invest in securitized debt upto 50% of debt allocation.

The scheme shall not invest in foreign securities.

The Scheme does not intend to undertake/ invest/ engage in:

- Short selling of securities
- Equity Linked Debentures

The scheme will not participate in repos in corporate debt securities. The Scheme will not participate in Credit Default Swaps (CDS).

Not more than 20% of the net assets of the scheme shall be deployed in securities lending. The Scheme would limit its exposure, with regards to securities lending, for a single intermediary, to the extent of 5% of the total net assets of the scheme at the time of lending.

The Scheme will comply with all the applicable circulars issued by SEBI as regard to derivatives viz. SEBI Circular no. SEBI/MFD/CIR No. 03/ 158/03 dated June 10, 2003, no. DNPD/Cir-29/2005 dated September 14, 2005, no. SEBI/IMD/CIR No. 9/108562/07 dated November 16, 2007, no. Cir/IMD/DF/11/2010 dated August 18, 2010 & SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017. The Scheme will have maximum derivative gross notional position of 50% of the net assets of the scheme. Investment in derivative instrument may be done for hedging and portfolio balancing. The scheme will not do imperfect hedging using Interest Rate Futures (IRF).

The cumulative gross exposure through debt securities and derivative positions should 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. Cash equivalent includes lending under TREPS, Reverse Repos, Fixed Deposits with Schedule Commercial Banks upto 91 day maturity and money market instruments upto 91 days maturity.
Change in Investment Pattern

Investment strategy and pattern may be deviated from time to time, provided such modification is in accordance with the Scheme objective and Regulations as amended from time to time, the intent being to protect the Net Asset Value of the scheme and unitholders’ interests. In case of deviation, the AMC will achieve a normal asset allocation pattern in a maximum period of 30 days.

In case deviation in investment pattern in not rebalanced within the period indicated above then justification for such delay in rebalancing of portfolio shall be placed before the investment committee and the reasons for the same shall be recorded in writing.

Credit Evaluation Process for the investments in Debt Securities:

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

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

- External Ratings threshold: Investment is made only if the issuer credit rating is at least ‘AA’ (+/- or equivalent) or above for Long-term debt by a credit rating agency recognized by SEBI. In the short-term, investment is made in top notch (A1+ or equivalent) rated debt instruments. However, this is subject to review from time to time and investment committee / Board of AMC approval is required for any exception.

- Each company is internally appraised based on various parameters including, but not restricted to:
  - Business Fundamentals: Product/Service offerings, Market Position, Competitive Landscape, and Product cycle etc.
  - Regulatory environment: Support/intervention, developmental stage of industry, level of regulation
  - Financial Analysis: Margins, Profitability, Leverage, Working Capital requirement and cycle, Cash-flows etc. This is also seen in light of historic trend
  - Management Track Record: Management track record, performance of company through economic cycle, promoters’ background, other group companies.
  - Macro-Economic Environment: Economic cycle, Credit cycle

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

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

The asset allocation among the various debt securities will be decided based upon the prevailing market conditions, macroeconomic environment and the performance of corporate sector, the debt market and other considerations.

The investment policies mentioned in this SID are in conformity with the provisions of various constitutional documents VIZ.MOA/AAO of the TAML/Trustee Company, IMA and the Trust Deed. Any change in the asset allocation affecting the investment profile of the scheme shall be effected only in accordance with the provisions of regulations 18-15A of SEBI (Mutual Funds) Regulations, 1996.

Overview of Equity Market

The Indian stock market is the world’s third largest stock market on the basis of investor base. There are two leading stock exchanges in India, i.e. BSE Limited (BSE) and NationalStock Exchange of India Limited (NSE). BSE was established in 1875 and is the oldest stockexchange in Asia. NSE, a more recent establishment which came into existence in 1992, is the largest and most advanced stock market in India and is also the third biggest stock exchange in Asia in terms of transactions. It is among the 5 biggest stock exchanges in the world in terms of transactions volume. NSE’s flagship index, NIFTY50, is used extensively by investors in India and around the world to take exposure to the Indian equities market. NSE offers trading, clearing and settlement services in equity, equity derivatives, debt and currency derivatives segments. It is the first exchange in India to introduce electronic trading facility thus connecting together the investor base of the entire country.

BSE has the largest number of scrips which are listed. The Indian stock market scenereally picked up after the opening up of the economy in the early nineties. NSE changed the way the Indian markets function, in the early nineties, by replacing floor-based trading with nationwide screen-based electronic trading, which took trading to the doorstep of the investor.

The paper based settlement was replaced by electronic depository based accounts and settlement of trades was always done on time. One of the most critical changes was that a robust risk management system was set in place so that settlement guarantees could protect investors against broker defaults. The corporate governance rules were gradually put in place which initiated the process of bringing the listed companies at a uniform level. Since inception, NSE and BSE have launched many indices, tracking various sectors and market capitalisation.

Overview of Debt Market:

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

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

Money Market

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

The following table attempts to give a broad overview of the available instruments in the financial markets and their risk return profile. The data given in the table is based on market conditions around the date of the Offer document and can at best be considered indicative:

<table>
<thead>
<tr>
<th>Expected Yields of Debt Securities (as on 28.04.2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>GOI</td>
</tr>
<tr>
<td>GOI</td>
</tr>
<tr>
<td>GOI</td>
</tr>
<tr>
<td>GOI</td>
</tr>
<tr>
<td>Corporate</td>
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<tr>
<td>Corporate</td>
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<tr>
<td>Corporate</td>
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<tr>
<td>Corporate</td>
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<td>Corporate</td>
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<td>Corporate</td>
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<tr>
<td>Banks</td>
</tr>
<tr>
<td>Banks</td>
</tr>
<tr>
<td>Repo</td>
</tr>
<tr>
<td>CBLO</td>
</tr>
</tbody>
</table>

D. WHERE WILL THE SCHEME INVEST

In line with the investment allocation pattern of the scheme, the scheme will predominantly invest in:

i) Equity and equity related instruments of domestic companies and/or equity derivatives such as options and futures.

ii) Debt and money market instruments.

Investment in Equities:

Investment in equity and equity related instrument will include securities such as:

- Equity shares of listed and To be listed companies;
- Equity Warrants;
- Derivatives (which includes but is not limited to stock and index futures or such other derivatives as are or may be permitted under the Regulations and/or RBI from time to time);
- Convertible debentures;
- Preference shares/Convertible Preference Shares.

Investment in Debt Securities:

Investment in Debt and Money Market securities will include securities such as:

- Zero Interest Bonds, Deep Discount Bonds, Floating Rate Bonds.
- Government Securities.
- Domestic Interest Rate Derivatives like interest rate swaps, forward rate agreement, interest rate futures, options and such other derivative instruments as permitted by SEBI / RBI from time to time.
- Cash & Cash equivalent includes TREPS, Repo, Fixed Deposit and all money market instruments with residual maturity of less than 91 days.
- Units of debt and liquid category schemes of mutual funds
- Any other like instruments as may be permitted by SEBI/RBI from time to time.

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

The securities mentioned above and such other securities could be listed, unlisted, privately placed, secured, unsecured, rated. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals. Please refer to the Clause “Liquidity & Settlement Risks” under Specific Risk Factors to understand the liquidity risk associated with equity/debt securities.

**Investment in Derivatives:**

The Scheme will have maximum Derivative Gross Notional Position of 50% of the net assets of the scheme. Investment in derivative instrument may be done for hedging and portfolio balancing.

Pursuant to SEBI (Mutual Fund) Regulations 1996, the Scheme shall not make any investments in any un-listed securities of associate / group companies of the Sponsors. The Fund will also not make investment in privately placed securities issued by associate / group companies of the Sponsor. The Scheme may invest not more than 25% of the net assets in listed securities of Group companies. The Scheme shall make investment out of the NFO proceeds only on or after the closure of the NFO period in accordance with the investment objective of the scheme. Income earned (net of expenses) during the period prior to the date of allotment on units shall be merged with the income of the scheme on completion of the allotment of the Units. In the event of non-receipt of the minimum subscription amount, the Trustee Company shall ensure that the entire amount collected as subscription money is refunded to the Unitholders notwithstanding any loss arising out of such investment during the interim period.

**E. THE INVESTMENT STRATEGIES**

The investment strategy would be aimed at meeting the investment objective of the Scheme. The fund manager proposes to concentrate on business and economic fundamentals driven by in-depth research techniques and employing the full potential of the research team at the AMC. The stock selection process proposed to be adopted is generally a bottom-up approach seeking to identify companies with long term sustainable competitive advantage.

As part of the stock selection process the fund proposes to study parameters like the price-to-book (P/B) ratio, price-to-earning (P/E) ratio, dividend yields (D/Y) of companies within its researched universe and try to identify companies with low P/B and P/E ratios and which have historically declared dividends on a consistent basis and have reasonable certainty of declaring attractive dividends in the future. The fund would also look into other quantitative parameters like Return on Equity (ROE) and Return on Capital Employed (ROCE) to identify stocks which may be available at more favourable valuations when compared with peer group and stocks in applicable benchmark. To the extent that the portfolio comprises of mid and small cap stocks, the fund would optimally diversify to mitigate liquidity and concentration risks. The fund does not intend to restrict to only value stocks. The fund may also look at stocks which have in the recent past demonstrated significant price appreciation as a result of improved earnings growth or due to some other reasons.

**Trading in Derivatives**

Subject to SEBI (Mutual Fund) Regulations, 1996, the Scheme(s) may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. In accordance with the guidelines issued by the SEBI, exposure to derivative instruments will be restricted to the limit as specified in the para on asset allocation pattern of the scheme.

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

The Scheme may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc. The Scheme may purchase call and put options in securities in which it invests and on securities indices based on securities in which the scheme invests. Through the purchase and sale of futures contracts and purchase of related options on those contracts the Scheme would seek to hedge against a decline in securities owned by the Scheme or an increase in the prices of securities which the Scheme plans to purchase. The Scheme would sell futures contracts on securities indices in anticipation of a fall in stock prices, to offset a decline in the value of its equity portfolio. When this type of hedging is successful, the futures contract increase in value while the scheme’s investment portfolio declines in value and thereby keep the Scheme’s net asset value from declining as much as it otherwise would. Similarly, when the Fund is not fully invested, and an increase in the price of equities is expected, the Scheme would purchase futures contracts to gain rapid market exposure that may partially or entirely offset increase in the cost of the equity securities it intends to purchase.

**Example:** Please note that below mentioned examples are purely for illustration purpose only and actual exposure may vary to a greater extend in line with the regulatory directives.
Futures:
A futures contract is an agreement between the buyer and the seller for the purchase and sale of a particular asset at a specific price on a specific future date. The price at which the underlying asset would change hands in the future is agreed upon at the time of entering into the contract. The actual purchase or sale of the underlying asset involving payment of cash and delivery of the instrument does not take place until the contracted date of delivery. A futures contract involves an obligation on both the parties to fulfill the terms of the contract. Currently, futures contracts have a maximum expiration cycle of 3-months. A futures contract on the stock market index gives its owner the right and obligation to buy or sell the portfolio of stocks characterized by the index. Stock index futures are cash settled; there is no delivery of the underlying stocks.

Example:

<table>
<thead>
<tr>
<th>Index Future</th>
<th>18000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme Buys</td>
<td>100 Future Contracts</td>
</tr>
<tr>
<td>(1 lot =Nominal Value equivalent to 20 units of the underlying index)</td>
<td></td>
</tr>
</tbody>
</table>

Scenario 1:
Profit for the scheme (18200-18000)*100*20 = 1000000
Loss for the scheme (18000-17900)*100*20 = -200000

Risks associated with Future Contracts: Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets. Additional risks could be on account of illiquidity and potential mispricing of the futures.

Options:
An option gives a person the right but not an obligation to buy or sell something. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium) and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

Example:

<table>
<thead>
<tr>
<th>Call Option</th>
<th>20 Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Say, Scheme buys 1 lot of Nifty Index</td>
<td></td>
</tr>
<tr>
<td>Spot price</td>
<td>18000</td>
</tr>
<tr>
<td>Strike price</td>
<td>18100</td>
</tr>
<tr>
<td>Premium</td>
<td>100</td>
</tr>
<tr>
<td>Total amount paid as premium (Rs.) (100X20)</td>
<td>Rs.2000</td>
</tr>
<tr>
<td>Scenario 1: Nifty Index goes up (i.e Spot)</td>
<td>18250</td>
</tr>
<tr>
<td>Scheme has reversed the position before expiry of the contract</td>
<td></td>
</tr>
<tr>
<td>Current Premium at the time of reversal</td>
<td>200</td>
</tr>
<tr>
<td>Net Gain Rs. (200-100)</td>
<td>100</td>
</tr>
<tr>
<td>Total gain on 1 lot of Nifty (20 units) Rs.(20x100)</td>
<td>Rs.2000</td>
</tr>
<tr>
<td>Scheme has reversed the position (i.e Nifty Option) at expiry</td>
<td></td>
</tr>
<tr>
<td>Nifty Spot on expiry</td>
<td>18275</td>
</tr>
<tr>
<td>Premium Paid(Rs.)</td>
<td>100</td>
</tr>
<tr>
<td>Exercise price</td>
<td>18100</td>
</tr>
<tr>
<td>Receivables on Exercise (18275-18100)</td>
<td>175</td>
</tr>
<tr>
<td>Total gain (Rs.) (175 -100)*20</td>
<td>Rs.1500</td>
</tr>
<tr>
<td>Scenario 2: Nifty index moves to the level below 18100</td>
<td></td>
</tr>
<tr>
<td>Scheme does not gain anything but the loss to the scheme (limited to the actual premium paid)</td>
<td>Rs. 100</td>
</tr>
</tbody>
</table>
**Put Option**

Say, Scheme buys 1 lot of Nifty Index

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot Price</td>
<td>18000</td>
</tr>
<tr>
<td>Strike Price</td>
<td>17900</td>
</tr>
<tr>
<td>Premium (per lot)</td>
<td>100</td>
</tr>
<tr>
<td>Total Amount Paid by the Scheme (20*100)</td>
<td>2000</td>
</tr>
</tbody>
</table>

**Scenario 1: Nifty Index goes down**

**Scheme has reversed the position before expiry of the contract**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nifty Spot</td>
<td>17750</td>
</tr>
<tr>
<td>Current Premium at the time of reversal (from reverse trade)</td>
<td>150 per lot</td>
</tr>
<tr>
<td>Premium Received (Rs.)(100*20)</td>
<td>3000</td>
</tr>
<tr>
<td>Premium Paid</td>
<td>2000</td>
</tr>
<tr>
<td>Total Gain on 1 lot of Nifty (Rs.) (20x50)</td>
<td>Rs.1000</td>
</tr>
</tbody>
</table>

**Scheme has reversed the position at expiry**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nifty Spot</td>
<td>17500</td>
</tr>
<tr>
<td>Exercise Price</td>
<td>17900</td>
</tr>
<tr>
<td>Profit per lot</td>
<td>400</td>
</tr>
<tr>
<td>Total Gain Rs. (400*20)</td>
<td>Rs.8000</td>
</tr>
</tbody>
</table>

**Scenario 2: Nifty Index Stays over the Strike price of 18300**

If spot price of index goes up or stays around the exercise price i.e 17900 then in such scenario the premium paid of Rs.2000 shall be the maximum loss to the scheme.

**Risks associated with Option Contracts:** The option contracts give a person the right but not an obligation to buy or sell. The risk is potential mispricing and exposure to options can limit the profits from a genuine investment transaction.

**Example of Other Derivative Strategies:**

**Cash Futures Arbitrage Strategy**

The fund would look for market opportunities between the spot and the futures market. The cash futures arbitrage strategy can be employed when the price of the futures exceeds the price of the underlying stock. The fund would first buy the stocks in cash market and then sell in the futures market to lock the spread.

Buying the stock in cash market and selling the futures results in a hedge where the fund portfolio has locked in a spread and is not affected by the price movements in the spot and futures markets. The arbitrage position can be continued till expiry of the futures contracts. The futures contracts are settled based on the last half an hour’s weighted average trade of the cash market. There is a convergence between the cash market and the futures market on expiry and this convergence results in the portfolio being able to generate the arbitrage return locked in earlier. However, the position may even be closed earlier in the event of the price differential being realized before expiry or better opportunities being available in other stocks / indexes. The strategy is attractive if this price differential (post all costs) is higher than the investor’s cost-of capital.

**Objective of the Strategy**

The objective of the strategy is to lock-in the arbitrage gains.

**Risk Associated with this Strategy**

Lack of opportunity available in the market.

The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

**Illustration of a Cash Futures Arbitrage Strategy:**

**Buy 100 shares of Company X at Rs 1000 and sell the same quantity of stock’s futures of the Company X at Rs 1100.**

1. Market goes up and the price on the expiry day is Rs 2000.
2. At the end of the month (expiry day) the futures expires automatically:
   - Settlement price of futures = closing spot price = Rs 2000
   - Gain on stock is 100*(2000-1000) = Rs 100,000
   - Loss on futures is 100*(1100-2000) = Rs – 90,000
   - Net gain is 100,000 – 90,000 = Rs 10,000
2. Market goes down and the price on the expiry day is Rs 500.

At the end of the month (expiry day) the futures expires automatically:

- Settlement price of futures = closing spot price = Rs 500
- Loss on stock is 100*(500-1000) = Rs – 50,000
- Gain on futures is 100*(1100-500) = Rs 60,000
- Net gain is 60,000 – 50,000 = Rs 10,000

Unwinding the position:

Buy 100 shares of Company X at Rs 1000 and sell the same quantity of stock’s futures of the Company X at Rs 1100.

The market goes up and at some point of time during the month (before expiry) the stock trades at Rs 1200 and the futures trades at Rs 1190 then we unwind the position:

- Buy back the futures at Rs 1190: loss incurred is (1100- 1190)*100 = Rs – 9,000
- Sell the stock at Rs 1200: gain realized: (1200-1000)*100 = Rs 20,000
- Net gain is 20,000 – 9,000 = Rs 11,000

Rolling over the futures:

The Scheme may continue to stay invested in the stock in the Cash market. Close to expiry, if the stock’s price is at Rs 1500 then the stock’s futures is close to Rs 1500 as well. Also if the price of the current month stock futures is below the current price of the next month stock futures, the scheme may roll over the futures position to the next expiry:

- The price of the stock futures next month contract is at Rs 1510
- The price of the stock futures current month contract is at Rs 1500

Then sell the futures next month contract at Rs 1510 and buy back current month futures contract at Rs 1500 = gain of 100*(1510-1500) = Rs 9,000 and the arbitrage position is rolled over.

Sector and Market Index Derivative Strategies

The Scheme may decide to hedge a sector index against the market and generate returns out of the out performance of the sector against the market. Based on the relative valuations of banking sector, the scheme buys 100 units of Bank Nifty Futures at Rs. 12000 and sells 100 units of Nifty 50 futures at Rs. 12000.

1. If the markets go up, with Bank Nifty Futures at Rs. 12600 and Nifty 50 Futures at Rs. 12300

- Profit/(loss) on Bank Nifty Futures = Rs. 60,000
- Profit/(loss) on Nifty 50 Futures = (Rs. 30,000)

Net Profit/(loss) = Rs. 30,000.

2. If the overall markets go down, with Bank Nifty Futures at Rs. 11850 and Nifty 50 Futures at Rs. 11600

- Profit/(loss) on Bank Nifty Futures = (Rs. 15,000)
- Profit/(loss) on Nifty 50 Futures = Rs. 40,000

Net Profit/(loss) = Rs. 25,000

Objective of the Strategy

The objective of the strategy is to earn low volatility consistent returns.

Risk Associated with this Strategy

Lack of opportunity available in the market.

The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place

Pair Trades

Fund managers will create and review pairs of stocks that are correlated. Long-short positions can be taken in such pairs when one of stocks moves out of its historical trading range with respect to the other stock and the fund manager expects the pair to revert to the trading range.

Illustration: Consider hypothetical stocks A and B. The two have a historical price ratio of 2, that is the price of A tends to be twice the price of B.

On a given trading day the price could be as follows:

Stock A – 125
Stock B – 50
Hence the ratio between the stocks based on the above prices is 120/50 = 2.4. The same is higher than the historical mean of 2 as mentioned earlier.

If the fund manager feels that the pair will revert to the mean of 2, it can take a position where it can go long on Stock B in either cash or futures market, and correspondingly go short on Stock A in the futures market.

To take a position of Rs 10,000 on each side, it would involve:
- Sell Short Stock A – 80 shares
- Go Long Stock B – 200 shares

Assuming the pair revert to the ratio of 2 as follows Stock A – 150 Stock B – 75 Then the scheme will lose 80*(150 - 125) = 2000 on its short position on Stock A, but will gain 200*(75-50) = 5000 on its long position on Stock B for a net gain of Rs 3000 on its position.

Note that the above gains are independent of the direction taken by the share and depend on only the price ratio. Hence the strategy is market neutral.

Pair strategy can also be used for a basket of stocks rather than a single stock. The pair in such a scenario can be either a single stock against a basket of stocks or one basket of stocks against another basket of stocks. Except for the number of stocks, all other aspects of the trade remain similar to the single stock pair scenario as described above.

Objective of the Strategy

The objective of the strategy is to lock-in the arbitrage gains.

Risk Associated with this Strategy

Lack of opportunity available in the market.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place
1. The above examples are the indicative strategies. Depending upon the market outlook/opportunities available, more strategies could be developed and utilized to fulfill the objective of the scheme. The scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time and as may be permitted under the SEBI (Mutual Fund) Regulations.

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

Example A: Use of IRS

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

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

In practice, however the difference of the two amounts is settled. Here the Scheme receives Rs. 2, 00, 00,000 x 0.35% x91 / 365 = 17,452. The players in IRS are scheduled commercial banks, primary dealers, corporate, mutual funds and All India Financial Institutions.

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

Example B: Use of IRS

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

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

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

**Forward Rate Agreements (FRA):**

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

**This is illustrated below:**

Assume that on March 1, 2020, the 30-day commercial paper (CP) rate is 7.75% and the Scheme has an investment in a CP of face value Rs. 50 crores, which is going to mature on March 30, 2020. If the interest rates are likely to remain stable or decline after March 30, 2020, and if the fund manager, who wants to re-deploy the maturity proceeds for 1 more month, does not want to take the risk of interest rates going down, he can then enter into a following forward rate agreement (FRA) say as on March 30, 2020:

He can receive 1 X 2 FRA on March 30, 2020 at 7.75% (FRA rate for 1 month lending in 2 months time) on the notional amount of Rs.50 crores, with a reference rate of 30 day CP benchmark. If the CP benchmark on the settlement date i.e. March 30, 2020 falls to 7.50%, then the Scheme receives the difference 7.75 - 7.50 i.e. 25 basis points on the notional amount Rs. 50 crores for 1 month. The maturity proceeds are then reinvested at say 7.50% (close to the benchmark). The scheme, however, would have locked in the rate prevailing on March 30, 2020 (7.75%) as it would have received 25 basis points more as settlement amount from FRA. Thus the fund manager can use FRA to mitigate the reinvestment risk.

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

**Interest Rate Future (IRF)**

An interest rate future is a financial derivative (a futures contract) with an interest-bearing instrument as the underlying asset. Interest rate futures are used to hedge against the risk of that interest rates will move in an adverse direction, causing a cost to the company.

For example, borrowers face the risk of interest rates rising. Futures use the inverse relationship between interest rates and bond prices to hedge against the risk of rising interest rates. A borrower will enter to sell a future today. Then if interest rates rise in the future, the value of the future will fall (as it is linked to the underlying asset, bond prices), and hence a profit can be made when closing out of the future (i.e. buying the future).

**Illustration of Use of IRF (For Hedging)**

**A – Perfect Hedge**

1) Assume a portfolio has 100 crores of Government security 7.59% GOI 2026 with face value Rs. 100/. The bond is currently trading in market at 105.00.
2) The futures on 7.59% GOI 2026, expiring on 27th January 2020 is trading on exchange at 105.10.
3) Instead of exiting the cash position, the fund manager can decide to hedge the position by selling the same quantity in futures. Since one contract of IRF has a notional of 2 lacs, in this example the fund manager sells 100 crs/2 lakhs = 5000 contracts, to hedge long position.
4) At maturity, the settlement price of the futures will be almost same as closing price of the underlying security.

**Case 1: At expiry Bonds close higher than the price at which fund manager hedged the position, but below the futures price at which he hedged**

Closing price of Bonds on day of maturity of futures = 105.05
Settlement price of futures = 105.05
MTM gain on the underlying bond = (105.05-105.00) * 100 crs / 100 (i.e. face value of bond) = Rs. 5,00,000
The profit on the futures leg is = 5000*2lacs *(105.10-105.05)/ 100 (i.e. face value of bond) = Rs 5,00,000
Overall profit to the fund = Rs 10,00,000

**Case 2: At maturity bonds close higher than the level at which futures were sold**

In case, the closing price of bonds on the day of maturity of futures = 105.20,
Settlement price of futures = 105.20
The MTM gain on underlying bond = (105.20-105.00) * 100 crs /100 (i.e. face value of bond) = Rs. 20,00,000
Loss on futures leg is = 5000*2 lacs *(105.10-105.20)/100 (i.e. face value of bond) = - Rs 10,00,000
Total Profit to the fund = Rs 10,00,000

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

Imperfect hedging is applicable when the underlying of the IRF contract is different from security held in the portfolio.

\[
\begin{align*}
DP &= \text{Duration of the portfolio (measure of the interest rate sensitivity of the portfolio)} = 7 \\
DF &= \text{Duration of the underlying security of the futures contract} = 6 (> 0.9 \text{ correlations with the portfolio}) \\
P &= \text{Portfolio’s market value} = 200 \text{ crores} \\
Y &= \text{underlying interest rate or portfolio yield} = 8.00\% \\
\end{align*}
\]

Subsequently, if it is anticipated that yields may rise in the future, the fund manager can hedge the underlying duration risk in the IRF by selling the futures contract.

Imperfect hedge allowed as per the SEBI limit = 20% of the Net asset of the portfolio

Assuming the interest rates rise by 50 bps point, post the imperfect hedging

\[
\begin{align*}
\text{Change in the market value of the portfolio} &= (P \times DP \times \text{Change in interest rate}) = 200 \text{ crores} \times 7 \times (0.50\%) = (7.00 \text{ crores}) \\
\text{Duration risk managed due to hedge in IRF} &= \% \text{ of portfolio hedged} \times P \times DF \times \text{Change in the interest rates} = 20\% \times 200 \times 6 \times (0.50\%) = 1.20 \text{ crores} \\
\text{Thus net change in the market value of the portfolio} &= Rs 200 – Rs 7.00 + Rs 1.20 = Rs 194.20
\end{align*}
\]

As can be seen from the above, in case yields move higher by 50 bps, there is a loss in the portfolio for Rs 7 crores, but due to the active hedging, IRFs position helps in reducing the loss in the portfolio by 1.20 crores.

Position Limits for IRF Contracts:

- **Scheme Level**: The gross open positions across all contracts shall not exceed 3% of the total open interest or INR 200 crores- whichever is higher.
- **Mutual Fund**: The gross open positions across all contracts shall not exceed 10% of the total open interest or INR 600 crores- whichever is higher.

**Interest Rate Option (IRO)**

**Call Options**

When someone buys an interest rate call option, they are buying the right to buy the option at a set price. Therefore, if someone buys a call option, he will profit if interest rates rise.

**Call Example**

Assume that interest rates are at 5 percent. An investor thinks they will rise in the next 12 months, so he buys a Rs.100 call option for Rs.5. A year goes by, and interest rates have risen to 10 percent. He can now buy the asset–now worth Rs.110–for Rs.100.

**Put Options**

Put options are the opposite of call options. These options allow an investor to sell the option at a set price at a set time. This means the investor will profit from falling interest rates.

**Put Example**

Assume that interest rates are now at 10 percent. The investor in the above example believes these rates are unsustainably high, so he buys a Rs.110 put option on his original Rs.100 option. The following year, interest rates fall back to 5 percent, so the Rs.100 only earned Rs.5 in interest. However, the investor can sell for Rs.110, thus making Rs.5 off an interest rate decline.

**Portfolio Turnover**

Portfolio Turnover is the term used by any Mutual Fund for measuring the amount of trading that occurs in a Fund’s portfolio during the given period of time. As the scheme is a close ended equity scheme, it is expected that there would not be any subscriptions and repurchase on a daily basis. Consequently, portfolio turnover is likely to be low. However, portfolio turnover would not significantly affect the brokerage and transaction costs. The Fund will endeavor to balance the increased cost on account of higher portfolio turnover with the benefits derived thereof. A portfolio turnover is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for scrips/securities held in the portfolio rather than an indication of a change in Fund view on a scrip, etc.

The Portfolio Turnover Ratio is 0.71 Times (As on 30th April 2020 for 13 Months).

**F. FUNDAMENTAL ATTRIBUTES**

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

(i) **Type of a scheme**

A close-ended equity scheme following a value investment strategy.

(ii) **Investment Objective**

The investment objective of the Scheme is to provide capital appreciation over the tenure of the fund through a diversified equity portfolio following value investment strategy. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns.

Investment Pattern and Risk Profile:

Refer Section C for detailed Asset Allocation & Risk Profile of the scheme.
(iii) Terms of Issue

- **Liquidity:** The Fund will not repurchase the units issued under the scheme till the maturity of the scheme. However, in order to provide the liquidity to the investors, the Units of the scheme are proposed to be listed on the BSE as soon as possible from the date of allotment so that units of the scheme can be sold / transferred in the secondary market.

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

- **Any safety net or guarantee provided:**
  
The Scheme does not provide any safety net or guarantee nor does it provide any assurance regarding the realization of the investment objective of the scheme or in respect of declaration of dividend.

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

1. A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
2. The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

**G. SCHEME BENCHMARK**

**S&P BSE 200 TRI.**

The S&P BSE 200 represents 200 large, well established and financially sound companies across sectors. The index consists of both growth and value stocks and is a fair representative of the indicative universe of the portfolio of the Scheme. In view of the same, performance of the Scheme will be benchmarked with S&P BSE 200 Index.

The composition of the aforesaid benchmarks such that, they are most suited for comparing performance of the respective plans/scheme. The performance of the scheme shall be benchmarked to the Total Return variant of the Index as indicated above.

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

**H. Fund Manager**

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Qualification</th>
<th>Total Experience (in years)</th>
<th>Other Schemes Under His Management</th>
<th>Experience (Assignments held during last 10 years)</th>
</tr>
</thead>
</table>
I. Restrictions on Investments (as per seventh schedule of SEBI (Mutual Fund) Regulations 1996)

1. The scheme shall not invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company.
2. All investments by the scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.
3. The Mutual Fund under all its scheme(s) shall not own more than ten percent of any company’s paid up capital carrying voting rights.
4. A mutual fund scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:
   Provided that such limit shall not be applicable for investments in government securities, treasury bills and collateralized borrowing and lending obligations (Tri Party Repo).
   Provided further that investment within such limit can be made in mortgaged backed securitised debts which are rated not below investment grade by a credit rating agency registered with the Board.

4A. A mutual fund scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments: Provided that Mutual Fund Schemes may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to such conditions as may be specified by the SEBI:
   Provided further that mutual fund schemes shall comply with the norms under this clause within the time and in the manner as may be specified by the SEBI:
   Provided further that the norms for investments by mutual fund schemes in unrated debt instruments shall be specified by the SEBI from time to time.

Note:

a) SEBI vide circular dt. 1st October 2019 & 28th April 2020 has issued following guidelines wrt investment in unlisted debt & money market instruments
b) Mutual fund scheme may invest in unlisted non-convertible debentures (NCDs) that have a simple structure (i.e with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

c) SEBI vid Circular dt. 28th April 2020 has allowed the existing unlisted NCDs to be grandfathered till maturity, such NCDS are herein referred to as “identified NCDs”

Accordingly, mutual funds schemes can transact in such identified NCDs and the criteria specified in point (b) above shall not be applicable for such identified NCDs, Subject to compliance with investment due diligence and all other applicable investment restrictions as given below:-

A mutual fund scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of asset Management Company.

d) The timelines and investment limits for investment in unlisted NCDs

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

SEBI vide Circular SEBI/HO/ IMD/ DF2 / CIR/P / 2019/104 dated October 01, 2019 has allowed the existing unlisted NCDs to be grandfathered till maturity, however SEBI vide circular number SEBI/HO/IMD/DF2/CIR/P/2020/75 dated 28th April 2020 clarified that the grandfathering of the identified NCDs is applicable across the mutual fund industry. Accordingly, mutual funds can transact in such identified NCDs. All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed with effect from one month from the date of operationalization of framework for listing of CPs or January 01, 2020, whichever is later.

e) Investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following:

I. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.

II. Exposure of mutual fund schemes in such instruments, shall not exceed 5% of the net assets of the schemes.

III. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

f) Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements:

The investment of mutual fund schemes in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:

I. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and
II. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.

III. For the purpose of this provision, ‘Group’ shall have the same meaning as defined in paragraph B(3)(b) of SEBI Circular no. SEBI/ HO/ IMD/ DF2/ CIR/P/ 2016/ 35 dated February 15, 2016.

IV. Investment limits as mentioned above shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations 2008.

V. Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

5. The scheme shall not make any investment in:
   a) any unlisted security of an associate or group company of the sponsor;
   b) any security issued by way of private placement by an associate or group company of the sponsor; or
6. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if:
   (a) such transfers are done at the prevailing market price\(^*\) for quoted instruments on spot basis.
   Explanation- “spot basis” shall have same meaning as specified by stock exchange for spot transactions.
   (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

\(^*\)Note: SEBI vide circular no SEBI/HO/IMD/DF4/CIR/P/2019/102 dt. September 24, 2019 has prescribed the methodology for determination of price to be considered for inter scheme transfers.

7. 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 interscheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.

8. Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

   Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the SEBI:

   Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the SEBI.

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

10. Pending deployment of funds of a Scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to SEBI circular no. SEBI/HO/IMD/CIR No. 1/9171/07 dated April 16, 2007.

   a. The term ‘short term’ for parking of funds shall be treated as a period not exceeding 91 days.
   b. Such deposits shall be held in the name of each Scheme.
   c. Each Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
   d. Each Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
   e. Trustees /AMC will ensure that no funds of a scheme is parked in Short term deposit of a bank which has invested in that scheme and the bank in which a scheme has short term deposit do not invest in that scheme until the scheme has short term deposit with such bank.

   The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market.

11. The scheme shall not make any investment in any fund of funds scheme.

12. The scheme will not advance any loan for any purpose.

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

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

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

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

**Investment by the Asset Management Company**

TAML (the AMC) may invest in the scheme(s)/plan(s)/fund(s), either in the initial issue or on an ongoing basis (from the secondary market), such amount, as they deem appropriate. The AMC shall not be entitled to charge any management fees on this investment in the scheme(s) / plan(s) / fund(s). Investments by the AMC will be in accordance with Regulation 25(17) of the SEBI (MF) Regulations, 1996.

As per regulation, the sponsors or asset management company (TAML) shall invest not less than one percent of the assets under management of the scheme or fifty lakh rupees, whichever is less, in the Growth option of the scheme and such investment will remain in the scheme till the scheme is wound up.
J. PERFORMANCE OF THE SCHEME

Performance of the Fund as on 30.04.2020

<table>
<thead>
<tr>
<th>Compounded Annualised Returns</th>
<th>Scheme Returns %</th>
<th>Benchmark Returns %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns for Last 1 Year</td>
<td>-10.81</td>
<td>-14.55</td>
</tr>
<tr>
<td>Returns for Last 3 Years</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Returns for Last 5 Years</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Returns Since Inception</td>
<td>-9.25</td>
<td>-7.92</td>
</tr>
</tbody>
</table>

Returns given for Growth Option. Allotment date of the scheme: 03.08.2018 Benchmark is: S&P BSE 200 Index TRI.

Absolute Returns for the Last 5 Financial Years (As on March 31'2020)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Scheme Returns (%)</th>
<th>Benchmark Returns (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-2019</td>
<td>-5.24</td>
<td>1.23</td>
</tr>
<tr>
<td>2017-2018</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2016-2017</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2015-2016</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Past Performance may or may not be sustained in future.

K. SCHEME PORTFOLIO HOLDINGS

Top 10 holdings by issuer as on 30.04.2020

<table>
<thead>
<tr>
<th>Issuer Name</th>
<th>% of AUM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC BANK LTD.</td>
<td>9.26</td>
</tr>
<tr>
<td>ICICI BANK LTD.</td>
<td>7.14</td>
</tr>
<tr>
<td>RELIANCE INDUSTRIES LTD.</td>
<td>7.09</td>
</tr>
<tr>
<td>BHARTI AIRTEL LTD.</td>
<td>4.49</td>
</tr>
<tr>
<td>KOTAK MAHINDRA BANK</td>
<td>4.07</td>
</tr>
<tr>
<td>MRF LTD.</td>
<td>3.96</td>
</tr>
<tr>
<td>HINDUSTAN UNILEVER LTD.</td>
<td>3.68</td>
</tr>
</tbody>
</table>
**Funds Allocation towards various sectors as on 30.04.2020**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL SERVICES</td>
<td>34.32</td>
</tr>
<tr>
<td>CONSUMER GOODS</td>
<td>24.89</td>
</tr>
<tr>
<td>OIL &amp; GAS</td>
<td>9.70</td>
</tr>
<tr>
<td>SERVICES</td>
<td>5.86</td>
</tr>
<tr>
<td>PHARMA</td>
<td>5.61</td>
</tr>
<tr>
<td>AUTOMOBILE</td>
<td>5.27</td>
</tr>
<tr>
<td>TELECOM</td>
<td>4.49</td>
</tr>
<tr>
<td>IT</td>
<td>1.26</td>
</tr>
<tr>
<td>INDUSTRIAL MANUFACTURING</td>
<td>1.18</td>
</tr>
<tr>
<td>HEALTHCARE SERVICES</td>
<td>1.01</td>
</tr>
<tr>
<td>CEMENT &amp; CEMENT PRODUCTS</td>
<td>0.68</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>L. INVESTMENT BY BOARD OF DIRECTORS, FUND MANAGERS AND KEY PERSONNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>The aggregate investment in the scheme under the following categories as on 27.04.2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Rs. In Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC’s Board of Directors</td>
<td>Nil</td>
</tr>
<tr>
<td>Fund Manager/Managers of the scheme</td>
<td>Nil</td>
</tr>
<tr>
<td>Other Key Managerial Personnel</td>
<td>0.00</td>
</tr>
</tbody>
</table>
### III. UNITS AND OFFER

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

#### A. NEW FUND OFFER (NFO)

**Being Ongoing Close Ended Scheme This Section is Not Applicable**

#### B. ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>Being a close-ended Scheme, investors cannot subscribe to the Units of the Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</td>
<td>However, Investors can buy the units of the scheme in dematerialized form from the BSE where the units of the scheme are listed.</td>
</tr>
<tr>
<td></td>
<td>To provide liquidity to the investors, the Units of the scheme is listed BSE. The investors may transfer / sell the units on the Stock Exchange at prevailing market prices.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ongoing price for subscription (purchase)/switch-in</th>
<th>Being a scheme listed on the exchange, the fund will not accept any redemption / repurchase and switch-out application till the maturity of the scheme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(from other schemes/plans of the mutual fund) by investors.</td>
<td>However, Investors can sell the units of the scheme on the BSE where the units of the scheme are listed at available market price</td>
</tr>
<tr>
<td>This is the price you need to pay for purchase/switch-in.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ongoing price for redemption (sale) / repurchase / switch outs (to other schemes/plans of the Mutual Fund) by investors.</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the price you will receive for redemptions/switch outs.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cut off timing for redemptions (sale) and switch outs (to other schemes / plans of the mutual fund) by investor.</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</td>
<td></td>
</tr>
<tr>
<td>Where can the applications for redemption and switch out be submitted?</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Minimum amount for redemption and switch out</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Minimum balance to be maintained and consequences of non-maintenance.</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
| Special Products available | **Auto Switch Facility**  
Under this facility redemption proceeds of the investor will get invested in the Tata Equity P/E Fund on the redemption payout date. Such unitholders will get units of the Tata Equity P/E Fund (i.e of the option / sub option opted by the investor) in lieu of redemption proceeds. Such units shall be subject to exit load prevailing on the date of allotment of units in Tata Equity P/E Fund.  
**Below mention facilities are not available.**  
Systematic Investment Plan  
Systematic Transfer Plan  
Systematic Withdrawal Plan |
| Duration / Maturity of the scheme | Duration of the scheme: 1103 Days from the date allotment. The scheme will wound up on completion of its tenure. If maturity date/payout date falls on holiday then the maturity/ payout date of the scheme shall be extended by one business day or more as the case may be.  
Pending payment of maturity proceeds to the investors on the completion of scheme tenure, the funds may be deployed in TREPS, REPO, Short Term Deposits of Scheduled Commercial Banks or Units of Liquid Schemes. Interest earned on such deployment shall be included in the redemption NAV.  
The trustee (or the person authorized) shall dispose of the assets of the scheme concerned in the best interest of the unit holders of that scheme. The proceeds of sale of the assets realised shall be first utilized towards discharge of such liabilities as are due and payable under the scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the scheme as on the last day of close ended period. |
| Maturity | No redemption/ repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme will come to an end on maturity date unless rolled over in accordance with provision of regulation 33(4) of the SEBI (Mutual Funds) Regulations, 1996. On maturity of the scheme, the outstanding units shall be redeemed and proceeds will be paid to the unit holders as a default mode which means that the units of the scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched to/ credited in bank account of then unitholders. As per the SEBI regulations, the redemption proceeds shall be despatched within 10 business days form the date of maturity of the scheme.  
Redemption proceeds of the unitholders who have opted for Auto Switch Facility, without further reference to the unitholders,will be invested in the Tata Equity P/E Fund and such unitholders will get units of the Tata Equity P/E Fund. |

**EXHIBIT 1:**

| Name of the Scheme & Scheme Type – Tata Equity P/E Fund (Scheme Category: Value Fund)  
(An open ended equity scheme following a value investment strategy) |
| **Investment Objective:** The investment objective of the Scheme is to provide reasonable and regular income and/or possible capital appreciation to its unitholder. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns. |
| **Fund Manager** – Sonam Udasi (managing the)  
**Benchmark** - S&P BSE SENSEX TRI |
<table>
<thead>
<tr>
<th>Scheme since 1.4.2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amey Sathe (Assistant Fund Manager w.e.f. 18th June 2018)</td>
<td></td>
</tr>
</tbody>
</table>

**Investment Options / Default Option**

<table>
<thead>
<tr>
<th>Option</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Plan - (For applications routed through Distributors)</td>
<td></td>
</tr>
<tr>
<td>Direct Plan - (For applications not routed through Distributors):</td>
<td></td>
</tr>
</tbody>
</table>

**Investment sub options (under each option)**

<table>
<thead>
<tr>
<th>Option</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td></td>
</tr>
<tr>
<td>Dividend Trigger A (5%)</td>
<td></td>
</tr>
<tr>
<td>Dividend Trigger B (10%)</td>
<td></td>
</tr>
</tbody>
</table>

**Default Sub Option:** If Growth or Dividend Option is not mentioned: Dividend Trigger B (10%)

**Default Sub-Option in Dividend Options:** Dividend sweep to Tata Treasury Advantage Fund-Growth Option

**Minimum subscription amount under each option:**

Rs. 5,000/- and in multiples of Re. 1/- thereafter. The repurchase / switches request can be made for a minimum of Rs. 500/- / 50 units. There will be no minimum amount requirement in case of all units switch in to any scheme of Tata Mutual Fund.

**Exit Load (SIP/STP & non SIP):**

1. If the withdrawal amount or switched out amount is not more than 12% of the original cost of investment: NIL.
2. If the withdrawal amount or switched out amount is more than 12% of the original cost of investment: 1%.
3. Redemption after expiry of 12 months from the date of allotment: NIL

**Applicable NAV for Subscription / Switch-in:**

- For application amount of Rs. 2 Lacs* & above

NAV of the day on which the funds are realized up to 3.00 P.M. (Subject to transaction being time-stamped upto 3 p.m. on the date of realization of funds).

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

- For application amount upto Rs. 2 Lacs

If application is time stamped before 3 p.m. on any business day - Applicable NAV shall be the closing NAV of the date of receipt of the application.

If application is time stamped after 3 p.m. on any business day - Applicable NAV shall be the closing NAV of the next business day.

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

**Applicable NAV for 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.

**Dividend Trigger Facility:**

Two Dividend Trigger option is available i.e. Dividend Trigger Option A (Trigger A) and Dividend Trigger Option B (Trigger B).

1. Under Dividend Trigger A, the Fund will initiate the declaration of dividend in the current calendar quarter when there is an appreciation in the NAV from the last Ex-dividend NAV by 5%.

2. In case of Dividend Trigger B, the Fund will initiate the declaration of dividend in the current calendar quarter when there is an appreciation in the NAV from the last Ex-dividend NAV by 10%.

Record date of dividend will be announced within five working days from the date of occurrence of trigger.

**Please Note:** No dividend will be declared if the NAV does not reach to the trigger level & irrespective of the appreciation level of the NAV. Not more than one dividend will be declared in a particular calendar quarter. Further, it is also possible that trigger level is reached only for Option A and not for option B; in that case dividend will be declared only in option A. The quantum of dividend shall be decided by the Trustees and will be subject to availability of distributable surplus.

In case there was no dividend declared in the immediate preceding quarter then the last declared Ex-Dividend NAV shall be taken as a base to check for 5% and 10% appreciation.

**Illustration** – For Calendar Quarter October 2017 to December 2017, the base NAV would be last Ex-Dividend NAV calculated at end of the day on last ex-date when dividend was declared. Assume that NAV on the last Ex-date was Rs. 25.00/- per unit. The trigger NAV for declaration of dividend would be Rs. 26.25/- in case of Option A and Rs. 27.50/- in case of Option B.

**Scenario 1** - NAV does not reach to the trigger levels during the said quarter
Dividend may not be declared.

Scenario 2 – NAV reaches to the trigger level say on November 15, 2017

Record date for Dividend will be announced within 5 working days from the date of occurrence of trigger i.e. 15th November, 2017 and record date for dividend is fixed on 22nd November, 2017 and ex dividend date is 27th November, 2017. Trigger level for next dividend in next quarter shall be based on the Ex-dividend NAV as on 27th November, 2016. Say dividend of 10% (on face value of Rs.10/- each) and 20% (on face value of Rs.10/- each) is declared in Option A & B respectively and Ex-dividend NAV comes to Rs. 25.25/- & 25.50/- then trigger NAV level for the next dividend would be Rs. 25.25/- and Rs. 25.50/- for Option A & B respectively.

Scenario 3 – NAV reaches to the next trigger level in the same quarter say on December 15, 2017

No 2nd dividend will be declared in October - December 2017 quarter. However, if NAV level remains above the trigger level till 1st January, 2018 (i.e. on beginning of next calendar quarter), then the record date for dividend will be announced within first five working days.

Book Closure: Please Note that whenever any dividend is declared by the scheme, there may be a book closure and during that period units of the scheme will not be traded on the stock exchange.

Performance of the Scheme as on 30th April 2020

<table>
<thead>
<tr>
<th>Particulars</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount in Rs.</td>
<td>Return (%)</td>
<td>Amount in Rs.</td>
<td>Return (%)</td>
</tr>
<tr>
<td>Scheme Return (Regular Plan - Growth)</td>
<td>8,498</td>
<td>-14.98</td>
<td>9,128</td>
<td>-2.99</td>
</tr>
<tr>
<td>Scheme Benchmark (S&amp;P BSE Sensex TRI)</td>
<td>8,746</td>
<td>-12.51</td>
<td>11,697</td>
<td>5.35</td>
</tr>
</tbody>
</table>

Note: As TRI data is not available Since Inception of the scheme, benchmark performance is calculated using composite CAGR of S&P BSE Sensex PRI values from date 29-Jun-2004 to date 31-May-2007 and TRI values since date 31-May-2007. For returns of other schemes managed by Mr. Sonam Udasi, please refer Performance Data on [https://www.tatamutualfund.com/products/tata-equity-pe-fund](https://www.tatamutualfund.com/products/tata-equity-pe-fund).

Absolute Returns for the Last 5 Financial Years

<table>
<thead>
<tr>
<th>Financial Year (31st March)</th>
<th>Scheme Return (%)</th>
<th>Benchmark (S&amp;P BSE Sensex TRI) Return (%)</th>
<th>Financial Year (31st March)</th>
<th>Scheme Return (%)</th>
<th>Benchmark (S&amp;P BSE Sensex TRI) Return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td>-26.08</td>
<td>-22.69</td>
<td>2016-2017</td>
<td>42.87</td>
<td>18.46</td>
</tr>
<tr>
<td>2018-2019</td>
<td>0.76</td>
<td>18.71</td>
<td>2015-2016</td>
<td>-8.92</td>
<td>-7.91</td>
</tr>
<tr>
<td>2017-2018</td>
<td>14.53</td>
<td>12.70</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This Product is suitable for investors who are seeking:

- Long Term Capital Appreciation.
- Investment (minimum 70%) in equity & equity related instruments of companies whose rolling P/E is lower than rolling P/E of S&P BSE Sensex.

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.
In compliance with the Circulars, Tata Mutual Fund will send the Consolidated Account Statement (CAS) to investors as follows:

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

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

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

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

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

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

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

8. Half-yearly CAS shall be issued to all Mutual Fund investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period. Further, CAS issued for the half-year(September/March) shall also provide:
   a. The amount of actual commission paid by Tata AMC/Mutual Fund to distributors (in absolute terms) during 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 and Service Tax (wherever applicable, as per existing rates), operating expenses, etc.
   b. The scheme’s average Total Expense Ratio (in percentage terms) for the half-year period for each scheme’s applicable plan, where the concerned investor has actually invested in.

Dividend

The dividend warrants/intimation shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend. In the event of failure of dispatch of dividend within the stipulated 30 days period, the AMC shall be liable to
pay interest at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum) to the Unitholders.

Redemption

No redemption/switch request will be accepted by the fund before maturity of the scheme. The redemption proceeds on the maturity of the scheme will be dispatched to the unit holders within 10 business days from the date of maturity.

Delay in payment of redemption / repurchase proceeds

The Asset Management Company 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).

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

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

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

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

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

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

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

Dividend Policy

Growth Option:

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

Dividend Option:

The profits received / earned and so retained and reinvested may be distributed as 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 will be distributed to the unit holders who hold the units on the record date of declaration of the Income. The Trustee Company reserves the right to change the frequency for income distribution at its discretion. Guided by the philosophy of value-oriented returns, the intent being to protect the Net Asset Value of the Scheme and Unitholders’ interests.

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

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

The Fund does not assure any targeted annual return / income nor any capitalisation ratio.

Book Closure:

Please note that whenever any dividend is declared by the scheme, there may be a book closure and during that period units of the scheme will not be traded on the stock exchange.

Registrar and Transfer Agent

Computer Age Management Services (Private) Limited (Cams),
Register and Transfer Agent, SEBI registration number INR000002813
Unit: Tata Mutual Fund.
178/10 Kodambakkam High Road, Opp. Hotel Palm Grove, Nungambakkam, Chennai 600 034
Website: www.camsonline.com, Email: kiran@tataamc.com (Tata Mutual Fund email address),
Toll Free No. 1800-209-0101
The Registrar has set up a special Investor service cell for quick redressal of Unitholder grievances (if any). All correspondence, including change in the name, address, designated bank account number and bank branch, loss of Unit Certificate, Account Statement, should be addressed to:
Computer Age Management Services (Private) Limited (Cams),
148, OLD Mahabalipuram Road, Okkiyam Thuraipakkam, Chennai - 600 097.
Email: service@tataamc.com (Tata Mutual Fund email address), Toll Free No. 1800-209-0101

Listing

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

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

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

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

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

   a) Transaction slip/Request letter from investor

   And

   b) Proof of New Bank Mandate:

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

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

   OR

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

   OR

   - Bank passbook with current entries not older than 3 months containing the first unit holder name and bank account number.

   OR

   - Original Bank Letter on the letter head containing the first unit holder name and bank account number duly signed by branch manager/authorized personnel with name, employee code and bank seal.

   And

   c) Proof of Existing Bank Mandate:

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

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

   OR

   - Original bank account statement / Pass book containing the first unit holder name and bank account number.

   OR

   - Original letter issued by the bank on the letter head confirming the bank account holder name with the account details, duly signed by the Branch Manager with name, employee code and bank seal.

   OR

   - In case such bank account is already closed, an original letter on the letter head of such bank duly signed by the Branch Manager with name, employee code and bank seal, confirming the closure of said account.

**Important Note:**

Unitholders may note that requests for change/updation in bank details for close ended scheme must be submitted ten days prior to maturity of the scheme.

If the Change/Updation of Bank Mandate/Multiple Bank registration is updated within ten days prior to the date of maturity, then the maturity payout will be made to the new bank mandate. However, for such cases the redemption proceeds will be despatched within 10 business day from the date of maturity or date of change of bank account mandate, whichever is later.
For unit holder where the units are held in demat, please ensure that the bank account details linked with the demat account is updated. Maturity payment would be made as per the bank account details available in BENPOS file.

**Documents required for Change of Address (COA)**

- **KYC not complied Folios/Clients:**
  1. Transaction slip/Request letter from investor
     And
  2. Proof of New Address (as per KYC guidelines)
     And
  3. Proof of Identity: Only PAN card copy if PAN is updated in the folio, or PAN/ other proof of identity ((as per KYC guidelines) if PAN is not updated in the folio.

Unitholders may note that copies of all the documents submitted should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents as per extant KYC guidelines.

**II) Restriction on Acceptance of Third Party Payments for Subscription of units of schemes of Tata Mutual Fund:** In pursuance to Best Practice Guidelines issued by Association of Mutual Funds in India [AMFI] Vide Circular No.135/BP/16/10 dated August 16th 2010 for acceptance of Third party cheques, Tata Asset Management Ltd has decided henceforth not to accept subscriptions with Third-Party cheques. For details kindly refer Statement of Additional Information (SAI).

**C. PERIODIC DISCLOSURES**

<table>
<thead>
<tr>
<th>Net Asset Value</th>
<th>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 (<a href="http://www.tatamutualfund.com">www.tatamutualfund.com</a>) and of the Association of Mutual Funds in India-AMFI (<a href="http://www.amfindia.com">www.amfindia.com</a>) by 11 p.m on every Business Day.</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</td>
<td>Illustration of Calculation of Sale &amp; Repurchase Price:</td>
</tr>
<tr>
<td>Assumed NAV Rs. 11.00 per unit</td>
<td>Exit Load 1%</td>
</tr>
<tr>
<td>Entry Load: NIL</td>
<td>Sale Price = NAV + (Entry Load (%) * NAV)</td>
</tr>
<tr>
<td>Exit Load 1%</td>
<td>Sale Price = 11 + (0% * 11)</td>
</tr>
<tr>
<td>Sale Price = 11 + 0</td>
<td>Sale Price = Rs. 11/-</td>
</tr>
<tr>
<td>Sale Price = Rs. 11/-</td>
<td>Repurchase Price</td>
</tr>
<tr>
<td>Repurchase Price</td>
<td>Repurchase Price = NAV – (exit load (%) * NAV)</td>
</tr>
<tr>
<td>Repurchase Price = 11 – (1%*11)</td>
<td>Repurchase Price = 11 – 0.11</td>
</tr>
<tr>
<td>Repurchase Price = 11 – 0.11</td>
<td>Repurchase Price = Rs.10.89</td>
</tr>
<tr>
<td>In the event NAV cannot be calculated and / or published, such as because of the suspension of RBI Clearing, Bank strikes, during the existence of a state of emergency and / or a breakdown in communications, the Board of Trustees may temporarily suspend determination and / or publication of the NAV of the Units.</td>
<td>The Fund will ensure that the Redemption Price will not be lower than 93% of the NAV and the Purchase Price will not be higher than 107% of the NAV, provided that the difference between Redemption Price and the Purchase Price of the units shall not exceed the permissible limit of 7% of the Purchase Price, as provided for under the Regulations.</td>
</tr>
<tr>
<td>Investor may write to AMC for availing facility of receiving the latest NAVs through SMS.</td>
<td></td>
</tr>
</tbody>
</table>
Portfolio Disclosures / Half Yearly Financial Results

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

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

In case of unitholders whose email addresses are registered, Tata Mutual Fund 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 and on the website of AMFI (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 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 Ltd shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast 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.

Annual Report

Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC’s website www.tatamutualfund.com and on the website of AMFI 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 accounts year.

Investors who have not registered their email id, will have an option of receiving a physical copy of the Annual Report or Abridged Summary thereof.

Tata Mutual Fund will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder. Physical copies of the report will also be available to the unitholders at the registered offices at all times.

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) and on the website of AMFI (www.amfiindia.com).

Associate Transactions

Please refer to Statement of Additional Information (SAI).

Other Disclosures

The fund shall be obliged to make other periodic disclosures as required by the listing agreement of the scheme.

Details of interest rate derivatives (both IRS/IRF) used for hedging along with debt and money market securities transacted will be disclosed on the website of AMC and also will be forwarded to AMFI as per para-B(3) of SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012.

Investor services

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

Name of the Investor Relations Officer: Ms. Kashmira Kalwachwala

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

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

Taxation

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

The Finance Act, 2020 abolished income distribution tax and instead introduced taxing of income from mutual fund units in the hands of the unit holders.
<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Withholding tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>10%*</td>
</tr>
<tr>
<td>NRI</td>
<td>20%**</td>
</tr>
</tbody>
</table>

However, TDS rates has been reduced to 7.5% for the period between May 14, 2020 to March 31, 2020.

* 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 at the rate of:

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

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

**Capital Gains Taxation**

<table>
<thead>
<tr>
<th>Resident Investors/NRI’s</th>
<th>Domestic Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Tax</td>
<td></td>
</tr>
<tr>
<td>Tax on Capital Gains (Payable by the Investors)</td>
<td></td>
</tr>
<tr>
<td>Capital Gains:</td>
<td></td>
</tr>
<tr>
<td>Long Term</td>
<td>10%*</td>
</tr>
<tr>
<td>Short Term</td>
<td>15%</td>
</tr>
</tbody>
</table>

*As per Finance Act, 2018, levy of income tax at the rate of 10%(without indexation benefit) on long term capital gains exceeding Rs.1 lakh provided transfer of such units is subject to Securities Transaction Tax (STT).

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

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

@ 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.

In case of NRI investors, 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 as per Income Tax Act.

**Securities Transaction Tax**

Securities Transaction Tax (“STT”) is applicable on transactions of purchase or sale of units of an equity oriented fund entered into on a recognized stock exchange or on sale of units of equity oriented fund to the Fund. The STT rates as applicable are given in the following table:

<table>
<thead>
<tr>
<th>Taxable securities transaction</th>
<th>Payable by</th>
<th>Rate (as a % of value of the transaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase/ Sale of an equity share in a company where</td>
<td>Purchaser/Seller</td>
<td>0.1%</td>
</tr>
<tr>
<td>a) the transaction of such purchase is entered into in a recognized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>stock exchange; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) the contract for the purchase of such share is settled by the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual delivery or transfer of such share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of a unit of an equity oriented fund, where</td>
<td>Purchaser</td>
<td>NIL</td>
</tr>
<tr>
<td>a) the transaction of such purchase is entered into in a recognized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>stock exchange; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) the contract for the purchase of such unit is settled by the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual delivery or transfer of such unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of a unit of an equity oriented fund, where</td>
<td>Seller</td>
<td>0.001%</td>
</tr>
<tr>
<td>a) the transaction of such sale is entered into in a recognized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>stock exchange; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) the contract for the sale of such unit is settled by the actual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>delivery or transfer of such unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of an equity share in a company or a unit of an equity</td>
<td>Seller</td>
<td>0.025%</td>
</tr>
<tr>
<td>oriented funds on non-delivery basis</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Fund is responsible for collecting the STT from every person who sells the Unit to it at the rate mentioned above. The STT collected by the Fund during any month will have to be deposited with the Central Government by the seventh day of the month immediately following the said month.

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 scheme. 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 Dividend Distribution Tax/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.

D. COMPUTATION OF NAV

Net Asset Value ("NAV") of the Units shall be determined as of the close of each Business Day.

NAV shall be calculated in accordance with the following formula:

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

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

The AMC will calculate and disclose the first NAV of each Option (viz. Growth and Dividend) of the scheme not later than 5 business days from the date of allotment. Subsequently, the NAV will be calculated and disclosed on close of every Business Day.

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

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

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

V. FEES AND EXPENSES

A. NEW FUND OFFER (NFO) EXPENSES

Being an ongoing close ended scheme this section is not applicable

B. ANNUAL SCHEME RECURRING EXPENSES

A. Fees & Expenses:

The maximum recurring expenses of the scheme is estimated below:

<table>
<thead>
<tr>
<th>Ref</th>
<th>Expenses Head</th>
<th>Regular Plan: % of Daily Net Assets (Application routed through distributors) #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Upto 1.25%</td>
</tr>
<tr>
<td></td>
<td>Investment Management and Advisory Fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trustee fee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audit fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Custodian fees</td>
<td></td>
</tr>
</tbody>
</table>
Listing 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 dividend 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) Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a) Upto 1.25%*  
(b) Additional expenses for gross new inflows from specified cities Upto 0.30%^  

* Excluding Goods & Services Tax (GST) on investment and advisory fees

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.

# Note

^ 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 service 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. Service tax 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) 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/expenseratio.

4) Illustration of impact of expense ratio on scheme return:

<table>
<thead>
<tr>
<th>Amount Invested (Rs)</th>
<th>10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Returns-assumed</td>
<td>15%</td>
</tr>
<tr>
<td>Closing NAV before expenses (Rs.)</td>
<td>11,500</td>
</tr>
</tbody>
</table>
Expenses (Rs) | 250
---|---
Total NAV after charging expenses (Rs) | 11,250
Net returns to investor | 12.50%

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.

**C. LOAD STRUCTURE**

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

<table>
<thead>
<tr>
<th>Type of Load</th>
<th>Load chargeable (as % of NAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Load</td>
<td>N.A</td>
</tr>
<tr>
<td>Exit (Upon Maturity)</td>
<td>Nil</td>
</tr>
</tbody>
</table>

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

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.

**D. TRANSACTION CHARGES**

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

1. There shall be no transaction charges on direct investments.
2. For existing investors in a Mutual Fund, the distributor may be paid Rs.100/- as transaction charge per subscription of Rs.10,000/- and above.
3. For first time investor in Mutual Funds, the distributor may be paid Rs.150/- as transaction charge for subscription of Rs.10,000/- and above.
4. The transaction charge shall be deducted by the AMC from the subscription amount and paid to the distributor and the balance amount shall be invested.
5. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.
6. There shall be no transaction charge on subscription below Rs. 10,000/-.
7. There shall be no transaction charge on transactions other than purchases/subscriptions relating to fresh/additional purchase.

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

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

**V. RIGHTS OF UNITHOLDERS**

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

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

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

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

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

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

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

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

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

Note: The Scheme under this Scheme Information Document was approved by the Trustee Company on 27.03.2018.

By order
Board of Directors
Tata Asset Management Limited.

Place: Mumbai
Date: 26/05/2020

Authorized Signatory