

# TATA

## TREASURY ADVANTAGE FUND

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of portfolio is between 6 months & 12 months)



Date: 10.05.2019

Dear Investor,

Thank you for investing with Tata Treasury Advantage Fund.

Over past few months Securities & Exchange Board of India (SEBI) has issued many guidelines in the interest of investors of mutual funds. Implementation of some of the guidelines issued by SEBI requires amendment to Scheme Information Document. One of the important guidelines are for creation of segregated portfolio of debt and money market instruments by mutual fund schemes.

### Creation of Segregated Portfolio in case of credit event

SEBI has allowed Segregated Portfolio of Debt & Money Market Instruments by mutual fund schemes in case of credit event. This will help ring fence an impaired asset and will restrict cascading effect of illiquidity on the rest of the portfolio. Enabling clause in the SID for Segregate Portfolio is in the interest of investor as this will ensure fair treatment to all unitholders.

We wish to inform you that Trustees of Tata Mutual Fund, based on recommendation of Tata Asset Management Limited, have approved the amendment to Scheme Information Document (SID) & Key Information Document (KIM) of Tata Treasury Advantage Fund to incorporate the provision of creation of segregated portfolio in Tata Treasury Advantage Fund (refer **Annexure I** for details)

The above changes will be effective from 15.06.2019.

If you are not in favour of the above mentioned scheme changes, you may choose to exit from Tata Treasury Advantage Fund by submitting request for redemption or switch to any of our existing schemes at the prevailing NAV without payment of exit load from **15.05.2019 to 14.06.2019** (upto 3.00 p.m) at any of our Branches or Cams Official Points of Acceptance. Please provide us the CKYC acknowledgement / KYC form and the documents along with the switch request.

Please note that submission of the PAN of the unitholders (Parent/ Guardian in case unitholder is minor) is mandatory to process redemption except in following cases:

- 1) Where investment is by way of Micro Systematic Investment Plan (Micro SIP) and aggregate investment amount is not more than Rs.50,000/- in any financial year.
- 2) Where Unitholder (Parent/ Guardian of unitholder who is minor) is a resident of Sikkim.

Unitholders may note that an exit from the scheme will have capital gain tax implication and is advised to consult with his or her own tax advisors with respect to the specific tax implications arising out of exit from the scheme.

If you wish to change / update your Bank Mandate before redemption, you may do so by submitting a cancelled original cheque leaf of the new bank account as well as the bank account currently registered along with the redemption / switch request. The payment will be made within 10 business days from the date of redemption. All requests received after 3.00 pm on **14.06.2019** will be subject to exit load, as applicable.

Unitholders may note that no action is required in case they are in agreement with the aforesaid changes, which shall be deemed as acceptance of the said change. **The offer to exit from the Scheme is optional at the discretion of the Unit holders and not compulsory.** We would like investors to stay invested in the scheme.

The unit holders who have pledged or encumbered their units will not have the option to exit unless they procure an effective release of their pledges/ encumbrances prior to the redemption / switch-out requests.

Unclaimed redemption and dividend relating to scheme Tata Treasury Advantage Fund as on 30.04.2019 is as follows:

Unclaimed Amounts			No. of Investors		
Redemption (Rs.)	Dividend (Rs.)	Total (Rs.)	Redemption (No.)	Dividend (No.)	Total (No.)
7,61,849.57	0.00	7,61,849.57	68	0	68

This amount pertains to all unitholders of the scheme. To know the amount pertaining to specific individual investor, please visit <http://www.tatamutualfund.com/investor/services/unclaimed-redemption-dividend>

### **\*Cut off timing for NAV applicability for redemption and switch out:**

*In respect of valid redemption / switch out application accepted at a designated collection centre upto 3 p.m. on a business day by the Mutual Fund, the 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 the next business day will be applicable.*

We thank you for your kind co-operation and look forward to your continuous patronage.

Thanking You,

Yours faithfully

**For Tata Asset Management Ltd.**

Sd/-

**Kashmira M Kalwachwala**  
Head - Investor Services.

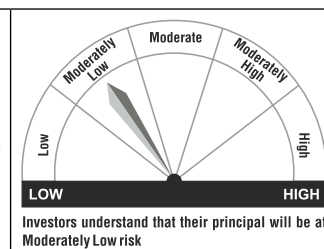
Encl.

### **Product Label: Tata Treasury Advantage Fund**

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

- Regular Fixed Income for Short Term.
- Investment in Debt & Money Market instruments.

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



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

**Annexure I****Creation of Segregated Portfolio**

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

- 1) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
  - a) Downgrade of a debt or money market instrument to 'below investment grade', or
  - b) Subsequent downgrades of the said instruments from 'below investment grade', or
  - c) Similar such downgrades of a loan rating
- 2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.
- 3) Creation of segregated portfolio is optional and is at the discretion of the Tata Asset Management Ltd (AMC).

**Process for Creation of Segregated Portfolio**

- 1) On the date of credit event, AMC should decide on creation of segregated portfolio. Once AMC decides to segregate portfolio, it should :
  - a) seek approval of trustees prior to creation of the segregated portfolio.
  - b) immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. Tata Mutual Fund will also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC.
  - c) ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme will be suspended for processing with respect to creation of units and payment on redemptions.
- 2) Once Trustee approval is received by the AMC:
  - a) Segregated portfolio will be effective from the day of credit event
  - b) AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
  - c) An e-mail or SMS will be sent to all unit holders of the concerned scheme.
  - d) The NAV of both segregated and main portfolios will be disclosed from the day of the credit event.
  - e) All existing investors in the scheme as on the day of the credit event will be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - f) No redemption and subscription will be allowed in the segregated portfolio. However, upon recovery of any money from segregated portfolio, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio.
  - g) AMC should enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests
  - h) Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
- 3) If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.
- 4) In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

**Processing of Subscription and Redemption Proceeds**

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

- i. Upon trustees' approval to create a segregated portfolio -
  - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
  - Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
- ii. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

**Disclosure**

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

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

## Monitoring by Trustees

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

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

## TER for the Segregated Portfolio

- 1) AMC will not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
- 2) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence. In addition to the TER mentioned above, the legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio as mentioned below.
- 3) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
- 4) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

## Explanations:

- 1) The term 'segregated portfolio' means a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.
- 2) The term 'main portfolio' means the scheme portfolio excluding the segregated portfolio.
- 3) The term 'total portfolio' means the scheme portfolio including the securities affected by the credit event.

## Risks associated with segregated portfolio

- 1) Investor holding units of segregated portfolio may not be able to liquidate their holding till the time recovery of money from the issuer.
- 2) Security comprising of segregated portfolio may not realise any value.
- 3) Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

## Illustration of Segregated Portfolio

Portfolio Date	31-Mar-19
Downgrade Event Date	31-Mar-19
Downgrade Security	<b>7.65% C Ltd from AA+ to B</b>
Valuation Marked Down	<b>25%</b>

Mr. X is holding 1000 Units of the Scheme, amounting to (1000\*15.0573) Rs.15057.30

## Portfolio Before Downgrade Event

Security	Rating	Type of the Security	Qty	Price Per Unit	Market Value (Rs. in Lacs)	% of Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3200000	102.812	3289.98	21.850
7.70 % B LTD	CRISIL AAA	NCD	3230000	98.5139	3182.00	21.133
<b>7.65 % C Ltd</b>	<b>CRISIL B*</b>	<b>NCD</b>	<b>3200000</b>	<b>73.843</b>	<b>2362.97</b>	<b>15.693</b>
D Ltd (15/May/2019)	ICRA A1+	CP	3200000	98.3641	3147.65	20.904
7.65 % E LTD	CRISIL AA	NCD	3000000	98.6757	2960.27	19.660
Cash / Cash Equivalents					114.47	0.760
Net Assets					<b>15057.34</b>	
Unit Capital (no of units)					<b>1000.00</b>	
NAV (Rs.)					<b>15.0573</b>	

\* Marked down by 25% on the date of credit event. Before Marked down the security was valued at Rs.98.4570 per unit. On the date of credit event i.e. on 31st March 2019, NCD of C Ltd (7.65%) will be segregated as separate portfolio.

## Main Portfolio as on 31st March 2019

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

**Segregated Portfolio as on 31st March 2019**

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

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

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